

9/30/2021



Performance Audit

Pacific Valley School Financial Hardship

Big Sur Unified School District

Project No. 58/75150-00-002

Independent Auditor’s Report on Performance 1

Authority and Purpose for Funding 2

Authority for the Audit 2

Scope of the Audit..... 2

Objectives of the Audit 3

Conclusion..... 22

Schedule of School Facility Program Summary of Audit Findings 23

Schedule of School Facility Program Site Grant Adjustments Summary 25

Schedule of School Facility Program Determination of Project Savings..... 26

Schedule of School Facility Program Summary of Final Project Funding 27

Schedule of the Percent the LEA Spent on Hard Construction Costs 28



Independent Auditor's Report on Performance

Governing Board
Big Sur Unified School District
Big Sur, California

We were engaged to conduct a performance audit of the Big Sur Unified School District (the District) *Financial Hardship Project No. 58/75150-00-002*, completed on January 14, 2020 and submitted on September 29, 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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. 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 within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 51 and outlined in Appendix B contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal controls in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 51, but not for the purpose of expressing an opinion of the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District has complied, in all significant aspects, with the performance requirements as referred to in Proposition 51 and outlined in Appendix B contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel except for as described in the Schedule of School Facility Program Summary of Audit Findings at the end of this report.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fresno, California
September 29, 2021

Authority and Purpose for Funding

Proposition 51 is a California ballot proposition that passed on the November 8, 2016 ballot, approving \$9 billion in bonds to fund construction and improvement of K-12 and community college facilities. The measure designates \$7 billion for K-12 projects falling under four types of projects (new construction, modernization, career technical education facilities, and charter school facilities), and \$2 billion for any facility project for community colleges.

Authority for the Audit

California Code, *Education Code* Section 41024 Commencing April 1, 2017, a local educational agency that receives any funds 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) shall annually report a detailed list of all expenditures of State funds, including interest, and of the local educational agency's matching funds for completed projects until all State funds, including interest, all of the local educational agency's matching funds, and savings achieved, including interest, pursuant to Section 17070.63, are expended in accordance with the requirements of the Leroy F. Greene School Facilities Act of 1998, associated regulations, and any accompanying grant agreement signed by a local educational agency. A local educational agency's detailed list of expenditures shall identify expenditures on a project-by-project basis, reflect completed projects that were reimbursed within that fiscal year, and shall clearly indicate the list of projects that have been completed. Any project identified on a local educational agency's detailed list of expenditures pursuant to paragraph (1) that is reported complete during the fiscal year shall be audited.

Scope of the Audit

The scope of our performance audit covered the project period of the Financial Hardship Project No. 58/75150-00-002 completed on January 14, 2020 and submitted on September 29, 2020. The performance audit was conducted using the procedures from this report on pages 4-22 that were taken from Appendix B contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel that is determined to be within project scope. The results of the procedures performed determined that additional procedures were deemed unnecessary. The population of expenditures tested included all project expenditures reported on the final form SAB 50-06 and Detailed Listing of Project Expenditures (DLOPE) funds. The propriety of expenditures for projects funded through other State or local funding sources, other than those reported on the final form SAB 50-06 and DLOPE, were not included within the scope of the audit. Expenditures not recorded on the final form SAB 50-06 and DLOPE were not reviewed or included within the scope of our audit or in this report.

Objectives of the Audit

The objectives of the audit were accomplished by performing the audit procedures listed on pages 3-4, 29-42, and 90-91 in Appendix B contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

1. Identify if the local educational agency has a project ready for audit, verify the project was not approved as a financial hardship project, and if any changes to the project scope were made.
2. Determine whether funds identified by the District on its detailed list of expenditures have been expended in accordance with the requirements of the Leroy F. Greene School Facilities Act of 1998 associated regulations, and any accompanying grant agreement signed by a local educational agency.
3. Verify any statutorily required District matching funds have been deposited in the County School Facility Fund or expended by the District from the matching fund source prior to the "Notice of Completion".
4. Verify the amount of expenditures that occurred prior to fund release did not exceed the district's contribution.
5. Determine whether construction contracts have been made in accordance with provisions of the public contract code concerning competitive bidding and verify the expenditures listed on the DLOPE do not exceed the contracted amounts.
6. Determine if 60 percent of the project funding was spent on hard construction costs.
7. Determine if any transfers of School Facility Project funds out of Fund 35 to other funds are allowable.
8. Verify any interest reported on the final Form SAB 50-06 and savings achieved identified by the local educational agency.
9. Verify a Restricted Maintenance Account has been established, the required amount has been deposited in the Restricted Maintenance Account, and an ongoing major maintenance plan has been developed under the provisions of *Education Code* Sections 17070.75 and 17070.77, and the Grant Agreement Section D, Paragraph 3.
10. Determine adjustments to the grant amounts received by a local educational agency for site purchase, site relocation assistance, site hazardous waste removal, and/or Department of Toxic Substance Control (DTSC) fees based upon the local educational agency's final approved expenditures.
11. Determine if the project was added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017. If the project was listed on the Unfunded List, determine if computers, printers, or computer carts were purchased in accordance with *Education Code* Section 17071.25(a)(2)(A) and SFP regulation section 1859.51(l) and 1859.61(g).

II. Initial Steps

A. Identify if LEA has project ready for audit

1. Identify if the LEA (LEA) has a project that received a fund release on or after April 1, 2017, was apportioned on or after July 1, 2017, and is complete and ready for audit, needs to be Reduced to Costs Incurred, or reported savings that need to be audited. This is accomplished by determining if a project meets any of the following conditions:
 - a. Project Complete/Ready for Audit - The project was completed during the 2017-2018 or 2018-2019 fiscal years, or during current fiscal year after 2018-2019.
 1. Review the "SFP Expenditure Audit Workload" refreshable report on the OPSC website (K-12 Audit Resources) for a list of completed projects.
<http://www.dgs.ca.gov/opsc/Resources.aspx>
 - b. Reduction to Costs Incurred - The project failed substantial progress and needs to be reduced to costs incurred, or the LEA requested the project be reduced to costs incurred.
 1. Review the "SFP Substantial Progress Audit Workload" refreshable report on the OPSC website (K-12 Audit Resources) for a list of projects ready to be reduced to costs incurred.
 2. Contact the OPSC for a letter to the LEA indicating they failed substantial progress on the project or a letter from the LEA requesting the project be reduced to costs incurred.
 - c. Savings Audit - The LEA reported savings for an applicable SFP project. Review the "SFP Savings Audit Workload" refreshable report on the OPSC website (K-12 Audit Resources) for a list of savings reports submitted by LEAs.
 - d. Audits must be completed within one year of project completion or termination.

Methodology: The District received a fund release after April 1, 2017 and is listed on the SFP Expenditure Audit Workload file on the Office of Public School Construction (OPSC) website. The project is not a reduction to costs incurred or savings audit by verifying the District is not listed on the SFP Substantial Progress Audit Workload or the SFP Savings Audit Workload file on the OPSC website, the OPSC project folder did not indicate the project received a letter for failing substantial progress by the OPSC or a submitted letter by the District requesting the project be reduced to costs incurred.

Result of testing: This procedure does not indicate whether the District is in compliance or not but verified the District has a project ready for audit.

2. If yes to any of the conditions pursuant to step (1), then perform the audit steps reflected in the subsequent sections of these procedures for any completed projects, projects that failed substantial progress, projects that an LEA requested a reduction to costs incurred, or projects that reported savings.

Methodology: One of the conditions in step 1 indicated that the District has a project ready for audit. The audit steps in section IIIA financial hardship projects closeout audit and VI unfunded list projects in Appendix B of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* were performed.

Result of testing: This procedure does not indicate whether the District is in compliance or not but indicates what audit procedures are to be performed from the subsequent sections in Appendix B. See pages 4-22 for the audit procedures performed, methodology of those audit procedures and the results determined to be within the project scope.

3. If the performance of any of the required audit procedures detailed in the subsequent sections results in an audit finding, then the finding shall be presented in the “Schedule of School Facility Program Summary of Audit Findings”.

Methodology: The audit procedures on pages 4-22 will indicate whether the District is in compliance with laws and regulations of the School Facility Program and the project’s grant agreement. Any noncompliance will be indicated on the Schedule of School Facility Program Summary of Audit Findings on page 23.

Result of testing: This procedure does not indicate whether the District is in compliance or not but indicates where findings will be reported. See the Schedule of School Facility Program Summary of Audit Findings on page 23.

B. Documents Needed to Audit—All Projects

1. Obtain the following documents for all projects, by contacting OPSC.
 - a. Letter(s) from the Office of Public School Construction (OPSC) detailing what was verified at Substantial Progress and any issues and/or findings identified with the project.
 - b. Final Escrow Statement (If Applicable)
 - c. Appraisal (If Applicable)
 - d. Grant Agreement(s)
 - e. Application for Funding (Form SAB 50-04)
 - f. Project Transaction Detail and Summary
 - g. SAB approval item(s)

- h. Final Form SAB 50-06 Expenditure Report and Detailed Listing of Project Expenditures (DLOPE)
- i. Schedule of School Facility Program — Determination of Savings (If Applicable)
- j. Schedule of School Facility Program — Unspent Funds (If Applicable)
- k. Schedule of School Facility Program — Use of Savings (If Applicable)

Methodology: The items noted above were obtained for project no. 58/75150-00-002, except for the following, which were not applicable to the project: items b, c, j, and k. Additional items obtained include the hard costs calculation, general ledger for fund 35 (School Facility Fund) and the general ledger for project no. 58/75150-00-002.

Result of testing: This procedure does not indicate whether the District is in compliance or not but indicates the items obtained to complete the audit procedures on pages 4-22.

C. Verify if the project is Financial Hardship

1. Verify if the project was granted Financial Hardship (FH) status and determine if the project's FH status expired prior to the project receiving an apportionment for either a design grant, site grant, or construction grant by reviewing the following obtained from the OPSC:
 - a. The SAB Board Item
 - b. FH Approvals Letter(s)

Methodology: Through review of the grant agreement, project transaction detail, and inquiry with management it was determined that the project was granted financial hardship status.

Result of testing: This procedure does not indicate whether the District is in compliance or not but verifies the project is a financial hardship project.

D. Changes to project scope

Verify if the OPSC identified if there were any changes to the project scope not approved by the SAB by reviewing the documents provided by the OPSC (i.e. substantial progress report from OPSC). If documents are not available concerning project scope then contact OPSC for verification.

Methodology: The project did not have changes to the project scope verified by reviewing the documentation provided by the OPSC.

Result of testing: This procedure does not indicate whether the District is in compliance or not but verifies the project did not have a change in project scope.

III. Financial Hardship Projects

A. Closeout Audits

1. Verify the Grantee 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 pursuant to Grant Agreement (Section F, paragraph 1).

Methodology: The general ledger was obtained and inspected to verify the fund, resource, project year, goal, function, and object codes for all expenditures for the project, including furniture and equipment as described in the California School Accounting Manual were included.

Result of testing: The District is in compliance with this procedure due to a general ledger being maintained 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 pursuant to Grant Agreement (Section F, paragraph 1).

2. Verify any statutorily required District matching funds have been deposited in the County School Facility Fund or expended by the District from the matching funding source prior to the "Notice of Completion" by inspecting the SAB's project approval document for the applicable project and supporting accounting records provided by the LEA. The SAB's project approval document for the applicable project can be obtained by contacting OPSC. Non-compliance related to these matching fund requirements will result in an audit finding, with a potential effect that the non-compliance may result in the project being rescinded and potential loss of funding, as determined by the SAB.

Methodology: Verified the total to date District funds or Joint-Use Partner(s) Contribution in the amount of \$10,491 on the final SAB 50-06 form is equal to or exceeds the required District share cash contribution in the amount of \$10,491 on the SAB approval item document. District funds or Joint-Use Partner(s) Contribution on the final SAB 50-06 form was traced to the general ledger that was provided by the District, which had a date prior to the Notice of Completion date.

Results of testing: The District is in compliance with this procedure by transferring funds from a local source into the County School Facility Fund prior to the notice of completion.

3. Determine whether expenditures have been expended in accordance with the laws and regulations governing the SFP. Select a representative sample of the project expenditures reported on the final form SAB 50-06 and DLOPE previously obtained by contacting the OPSC to perform the following procedures:
 - a. For each item 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). If amounts selected do not reconcile to the 50-06 and DLOPE, inquire if any of the sampled expenditures are prorated over multiple projects. If the LEA prorated an invoice or contract over multiple projects, verify that the LEA has documentation demonstrating the proration method used.
 - b. Determine if the type of project expenditures reported are eligible in accordance with the laws and regulations of the SFP and/or the advisory listings in the grant agreement (section G and section H). Per *Education Code* Section 41024, the State share of any ineligible expenditure shall be returned to the State.

Methodology: 7 of 23 expenditures were selected as a representative sample. The representative sample is based on the sampling guidance on pages 1-2 in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. This sample represents \$91,541 out of \$135,499 or 68% of the population. The population includes all project expenditures reported on the final form SAB 50-06 and DLOPE funds. Each expenditure in the sample was reviewed to determine the following:

- Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
- Expenditures reconciled to the SAB 50-60, DLOPE, and general ledger.
- Whether the District used a proration method. If a proration method was used whether the District documented the proration method and the methodology behind it.
- Expenditures are eligible in accordance with laws, regulations, and/or advisory listings.

Result of testing: The District has not met the compliance requirements of this procedure. Our sample indicated 2 expenditures in the selected sample were for expenditures considered operational in nature (repairs and maintenance) and are ineligible under Section H of the Grant agreement. As a result, the auditor interviewed the District Consultant and reviewed additional expenditures paid to that vendor and determined a total of \$9,535 reported expenditures are ineligible.

4. Determine if the expenditures were made within an eligible time frame (prior to completion date) by obtaining the DLOPE. Review all expenditure dates listed in the DLOPE to verify they were within the three or four year time limits.
 - a. A project is deemed complete per the criteria detailed in SFP Regulation Section 1859.104(a)(1)(A) or (B). A project is complete three years from the final fund release for an elementary school and four years for a middle or high school. Review the "Project Transaction Detail" for the final fund release date.
 - b. Expenditures made after the completion date are not eligible for State funding unless the expenditures were under contract prior to the completion date.

Methodology: Dates on the DLOPE and the dates on the general ledger for the items selected for testing in procedure 3 were compared against the invoice date and/or date of service listed on the invoice to ensure the dates were within the eligible time frame.

Result of testing: The District has met the compliance requirement of this procedure by having expenditures listed on the DLOPE that were within the eligible time frame.

5. Verify the final DLOPE grand total for the project reconciles back to the District's general ledger grand total for the project.

Methodology: The total amount on the general ledger of \$135,499 was reconciled to the final DLOPE grand total amount of \$135,499. Additionally, the expenditures selected for testing in procedure 3 were traced to the general ledger to ensure completeness of the general ledger.

Result of testing: The District has met the compliance requirement of this procedure due to the general ledger reconciling back to the reported amount on the DLOPE.

6. Determine the amount of expenditures that occurred prior to fund release (for each grant received) did not exceed the district's contribution.
 - a. Check the SAB Board item and/or the District's FH approval letter for amount of District contribution applied to the project(s) and compare it to expenditures on the final expenditure report that occurred prior to the fund release. If the expenditures prior to fund release did exceed the district contribution, the FH apportionment will be reduced by the amount of the excess.
 - b. Similarly determine whether expenditures prior to fund release exceeded the District contribution in each phase if the LEA received a separate design and/or separate site grant before received the construction grant.
 - i. Exception – Per the SAB approved Bridge Financing/Interfund Borrowing policy, the district temporarily borrowed funds to more their FH project(s) along while they were on the unfunded list.
 - ii. The LEA's project(s) should have FH approval prior to any bridge financing/borrowing otherwise, the expenditures will be considered contribution due to expenditure.
 - iii. Any financing instrument issued for bridge financing must be retired within 60 days of receipt of State funding.

- iv. Any expenditure prior to fund release that exceeded the district contribution will decrease the FH apportionment and increase the district contribution accordingly and those funds will be due to the State.

Methodology: The total amount of eligible expenditures that occurred prior to fund release of \$5,513 did not exceed the district contribution of \$10,491.

Result of testing: The District has met the compliance requirement of this procedure due to the expenditures that occurred prior to fund release not exceeding the district's contribution.

Planning Costs

7. Obtain any architect/design contracts and perform the following procedures:
 - a. Agree and trace the final contracted amount to the final billed amount.
 - b. Determine if 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.

Methodology: This procedure indicates that all architect/design contracts used on the project must be tested. Therefore, 2 of 2 architect/design contracts were tested representing 100% of the population. To determine compliance with this procedure we performed the following:

- Obtained the last invoice from the architect/design vendor to verify the final billed amount.
- Verified the last invoice from the architect/design vendor was supported by proper approval and documentation of receipting goods and services.
- Reviewed the total contract amount to the final billed amount and total expenditures reported on the final form SAB 50-06 and DLOPE for the architect/design vendors selected for testing.
- Traced the final billed amount to the general ledger.

Result of testing: The District has met the compliance requirements of this procedure through the following conditions:

- The final billed amounts agreed and traced to the general ledger, invoice, purchase order, and warrant.
- The final billed amounts agreed to the total amount listed on the contracts.

Construction Costs

8. Select a sample of construction contracts, including change order amounts, and associated final billed amount and perform the following procedures:
 - a. Agree and trace the expenditures and dollar amounts authorized in the contract (after addendums and change orders) to the final billed amounts.

- b. Agree and trace the expenditures reported on the DLOPE and general ledger to the final billed amounts to ensure the expenditures were not over reported. Any expenditure beyond the contract amount (including change order amounts) is not eligible for State funding.

Methodology: 1 of 1 construction contracts were selected as a representative sample. The representative sample is based on the sampling guidance on pages 1-2 in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. This sample represents 100% of the population. The population includes all construction vendors reported on the final form SAB 50-06 and DLOPE. To determine compliance with this procedure we performed the following:

- Obtained the construction contracts including addendums and change orders for the selected sample.
- Agreed and traced the total amount listed on the construction contracts including addendums and change orders to the final billed amount located on the last invoice received from the construction vendor for the specified project and to the general ledger.
- Verified the last invoice from the construction vendor was supported by proper approval and documentation of receipting goods and services.
- Compared the final billed amount to the total expenditures reported on the final form SAB 50-06 and DLOPE for the construction vendors selected for testing.

Result of testing: The District has met the compliance requirements of this procedure through the following conditions:

- The final billed amounts agreed and traced to the general ledger, invoice, purchase order, and warrant.
 - The final billed amounts agreed to the total amount listed on the contracts.
9. For construction contracts sampled, inspect documentation substantiating compliance with provisions of the PCC concerning competitive bidding. If the construction contracts were required to follow competitive bidding and the LEA did not comply with the provisions of the PCC concerning competitive bidding, then any reported expenditures associated with those contracts are not eligible for State funding.

Methodology: The District's board minutes approving the bid were reviewed for each of the construction contracts tested in procedure 7.

Result of testing: The District appears to be in compliance due to the board minutes approving the bid. However, the District was unable to provide documentation regarding the deciding factors of selecting the winning bid and was also unable to provide the advertisement for invitation for bidders. The minutes provided for December 11, 2018 documented site visits by potential bidders and the minutes provided for January 8, 2019 documented the approval and selection of a bidder. Upon review of the grant agreement, this project was for the replacement of septic lines of the District and may be considered an emergency event and PCC section 20113(a)(1) regarding emergency events states, "Make a contract in writing or otherwise on behalf of the district for the

performance of labor and furnishing of materials or supplies for the purpose without advertising for or inviting bids.”

10. If the District has used a construction manager, agree the amount included in the construction manager contract to the amounts indicated as paid on the final billed amounts. Any expenditure beyond the final billed amount is not eligible for State funding.

Methodology: Not applicable to the project, through inquiry with management and review of the DLOPE construction management expenditures were not reported on the final SAB 50-06 or DLOPE.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

11. Obtain the approval by contacting the OPSC, the approval document that indicates that the LEA’s estimate of project costs required that 60 percent of the project funding be spent on hard construction costs. When the LEA submitted their application for funding, they certified that the cost estimate of construction work or construction contract(s) submitted to the Department of State Architect was greater than 60 percent of the total grant. Prepare the table to report the percent the LEA spent on hard construction costs and display the table in the audit report. If audited hard costs are less than 60%, this does not result in an audit finding; the table is to be presented for information purposes only.

	Amount	Percentage
60% of Total Grant	\$ 108,828	60%
Reported Hard Costs and Percentage	\$ 80,434	44%
Audited Hard Costs and Percentage	\$ 80,434	44%
Difference	\$ -	-

Methodology: According to Appendix B, hard construction costs are defined as funds spent physically constructing a building (brick and mortar costs). The hard construction cost calculation was recalculated using the SAB approval item, the DLOPE, and the final SAB 50-06 form to ensure the project funding was spent on at least 60% of hard construction costs. The reported and audited hard costs do not include site acquisition, planning, tests, inspections, or furniture and equipment costs, relocation assistance, hazardous waste removal, or Department of Toxic Substances Control. The 60% of the total grant did not include grants for site acquisition, relocation assistance, hazardous waste removal, or Department of Toxic Substances Control.

Result of testing: The District is not in compliance because hard construction costs did not make up 60% of project funding. This procedure does not result in an audit finding but emphasizes transparency and the public's right to know how taxpayer funds are spent. It was also noted the project achieved savings.

12. Inspect supporting documentation for any transfers of SFP funds out of Fund 35 (School Facility Fund) to other LEA funds and determine if they are allowable.

Methodology: This procedure indicates that all transfers of SFP funds out of Fund 35 must be tested. A general ledger containing all activity in Fund 35 was obtained for the project period and no transfers out were noted

Result of Testing: This audit procedure does not indicate noncompliance because it is not applicable.

13. Agree and trace any interest reported on the final form SAB 50-06 to amounts recorded in the general ledger and other interest documentation. Prepare the following table to report the audited amounts.

Reported Interest	\$ 4,107.61
Audited Interest	\$ 4,107.61
Difference	\$ -

A difference in audited interest will result in a difference in audited savings funds in procedure 22 or 23.

Methodology: Obtained a general ledger detail of fund 35 for the project period. Interest noted on the general ledger was traced to the final form SAB 50-06 and was used to fill out the above table.

Result of testing: The District is in compliance noted by the interest reported on the final form SAB 50-06 agreeing to the amount recorded in the general ledger of Fund 35.

14. 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 2019-20 has deposited into the account a minimum of three percent (exception for small school districts) 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.

Methodology: Verified the District established a Restricted Maintenance Account by obtaining the general ledger detail of resource 8150 (Ongoing and Major Maintenance Account). The amount deposited was recalculated using the total general fund expenditures for the 2019-20 fiscal year. The amount deposited into resource 8150 was more than what was required to be deposited. The Auditor requested the ongoing major maintenance plan but the District was unable to provide.

Result of testing: The District is in compliance by establishing a Restricted Maintenance Account, depositing the required minimum amount of general fund expenditures for the 2019-2020 fiscal year, but is not in compliance regarding the development an ongoing major maintenance plan under the provisions of *Education Code* Sections 17070.75 and 17070.77, and Grant Agreement Section D, Paragraph 3 as it was not provided by the District. The Auditor reviewed the fund balance for the Restricted Maintenance Account as of June 30, 2020 and noted the balance was zero.

New Construction Project(s)

Site Purchase

15. Identify if the project received a separate grant for site purchase. If yes, complete procedure 15 and then proceed to procedure 16. If no, any reported site purchase expenditures are not eligible for State Site Purchase Grant funding. In this case, proceed directly to procedure 17.
- a. Agree and trace the reported amount for the site purchase back to source documents such as the final escrow amount or court orders in condemnation.
 - b. Identify the lower of either (a) actual cost paid on final escrow statement for site purchase or (b) appraisal price on appraisal document. The site grant funding is approved by the SAB based on the lesser of the actual costs or the appraised value of the site. The lesser of the two amounts is eligible for State funding (and shall be considered the audited site purchase costs). Exception: if a court ordered amount was higher than the appraisal amount, then the court order (minus costs not related to site purchase) amount for site purchase would be the amount that was eligible for State Site Purchase Grant funding.

- c. Prepare the following table to report the audited amounts.

A	Site Purchase Grant Amount (Approved by SAB)	N/A
B	Reported Amount of Site Purchase	N/A
C	Audited Site Purchase Costs	N/A
D	Difference	N/A
E	Grant Adjustment (C-A)	N/A
F	Final Grant Amount (A+E)	N/A

Methodology: Not applicable to the project, as the project did not receive a separate grant for site purchase verified by reviewing the project transaction detail and summary included in the closeout documents provided by the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

16. Verify the number of acres purchased is consistent with the approved acreage from the SAB approval item and complete the following:

Number of Acres Purchased	N/A
Number of Acres Approved	N/A
Difference	N/A

Methodology: Not applicable to the project, as the project did not receive a separate grant for site purchase verified by reviewing the project transaction detail and summary included in the closeout documents provided by the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Site Relocation

17. Identify if the project was approved for and received a separate grant for site relocation assistance. If yes, complete this procedure. If no, any reported site relocation expenditures are not eligible for State Site Relocation Grant funding. In this case, skip to the next numbered procedure.

- a. Obtain the LEA's reported relocation costs detail and select a sample of reported costs. Agree and trace amounts to warrants and other supporting documents to validate that reported costs are allowable and do not exceed cost allowances pursuant to Title 25, CCR, Section 6000, *Education Code* Sections 17072.13, 17072.35 and the Advisory Listing Detailing Common Eligible and Ineligible Project Expenditures in the Grant Agreement (Section G and H).
- b. Prepare the following table to report the audited amount.

A	Site Relocation Grant Amount (Approved by SAB)	N/A
B	Reported Amount of relocation cost	N/A
C	Audited relocation cost	N/A
D	Difference	N/A
E	Grant Adjustment (C-A)	N/A
F	Final Grant Amount (A+E)	N/A

Methodology: Not applicable to the project, as the project did not receive a separate grant for site relocation assistance verified by reviewing the project transaction detail and summary included in the closeout documents provided by the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Site Hazardous Waste Removal Costs

18. Identify if the project received a separate grant for hazardous waste removal or the LEA reported hazardous waste removal costs. If yes to either, complete this procedure. If neither, skip to the next numbered procedure.
- Select a sample of reported Site Hazardous Waste Removal Costs and trace amounts to supporting contracts or invoices. Verify that reported costs are allowable pursuant to *Education Code* Sections 17072.13, 17072.35 and the Advisory Listing(s) Detailing Common Eligible and Ineligible Project Expenditures in the Grant Agreement (Section G and H).
 - Obtain letter from DTSC that clears the site as safe to construct. Review the dates of all reported hazardous waste removal costs. Any costs dated after the date of the letter are not eligible for State Hazardous Waste Removal funding.
 - Prepare the following table to determine the 150% maximum threshold.

A	Final Eligible Grant Amount (Procedure 15(c) – Table Item F)	N/A
B	Multiply by 150 Percent	150%
C	Maximum Eligible Hazardous Waste Costs (A * B = C)	N/A

- Prepare the following table to report the audited amounts.

A	Hazardous Waste Removal Grant Amount (Approved by SAB)	N/A
B	Reported Amount of Hazardous Waste Removal	N/A
C	Audited Hazardous Waste Removal Cost	N/A
D	Difference	N/A
E	Grant Adjustment (C-A)	N/A
F	Final Grant Amount (A+E)	N/A
G	Maximum Eligible Hazardous Waste Grant (Procedure 18(c), Item C)	N/A
H	Final Maximum Eligible Grant (Lesser of F or G)	N/A

Methodology: Not applicable to the project, as the project did not receive a separate grant for hazardous waste removal verified by reviewing the project transaction detail and summary included in the closeout documents provided by the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Department of Toxic Substance Control Costs

19. Identify if the project received a separate grant for Department of Toxic Substance Control (DTSC) fees. If yes, complete this procedure. If no, any reported DTSC expenditures are not eligible for State DTSC Grant funding. In this case, skip to the next numbered procedure.
- Select a sample of reported DTSC costs and trace to contracts or invoices that support costs. Verify that sampled costs are allowable pursuant to *Education Code* Sections 17072.13, 17072.35 and the Advisory Listing(s) Detailing Common Eligible and Ineligible Project Expenditures in the Grant Agreement (Sections G and H).
 - Prepare the following table to report the audited amounts.

A	DTSC Fee Grant Amount (Approved by SAB)	N/A
B	Reported Amount of DTSC Fee	N/A
C	Audited DTSC Fee	N/A
D	Difference	N/A
E	Grant Adjustment (C-A)	N/A
F	Final Grant Amount (A+E)	N/A

Methodology: Not applicable to the project, as the project did not receive a separate grant for Department of Toxic Substance Control fees verified by reviewing the project transaction detail and summary included in the closeout documents provided by the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

20. Complete the "Schedule of School Facility Program – Site Grant Adjustments", that must be presented in the audit report, using the information from the tables completed in audit procedures 15 through 19 of this section. Note: the LEA will already have completed columns A and B in the schedule. The totals in this schedule will be carried over to the "Schedule of School Facility Program – Summary of Final Funding Determination".

Methodology: See page 25 for the Schedule of School Facility Program – Site Grant Adjustments. This schedule was filled out using the tables on pages 13-17. Amounts are not listed on this table, due to the project not receiving the grants listed in procedures 15 through 19.

Result of testing: This audit procedure does not indicate noncompliance, it is a step to ensure completion of the Schedule of School Facility Program – Site Grant Adjustments on page 25.

21. Verify whether the OPSC, during the fund release review process, identified a date of occupancy that occurred after the submission of the application for funding. Contact OPSC website (K-12 Audit Resource) for verification. If yes, proceed to the next numbered procedure. If the date of occupancy was not identified by OPSC, document in a table the date of occupancy through inspecting any of the following documentation:

- School Board Minutes
- Fire Marshall Inspection Letter

3. Copy of news story indicating the date school opened
4. Notice of Completion

Date of Application for Funding	N/A
Date of Occupancy	N/A
Source of Information	N/A

Methodology: Not applicable to the project, as this is not a new construction project verified through review of the project transaction detail and summary in the closeout documents obtained from the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Determination of Project Savings - New Construction

22. If the District had project savings, obtain the District's calculation of savings on the FH New Construction project on the "Schedule of School Facility Program Determination of Project Savings" and recalculate the amounts reported.

Savings Reported	N/A
Savings Funds Audited	N/A
Difference	N/A

Display the audited Savings Amount in the "Schedule of School Facility Program Determination of Project Savings".

Methodology: Not applicable to the project, as this is not a new construction project verified through review of the project transaction detail and summary in the closeout documents obtained from the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Determination of Project Savings – Modernization

23. If the District had project savings, obtain the District's calculation of savings on the FH Modernization project on the "Schedule of School Facility Program Determination of Project Savings" and recalculate the amounts reported.

Savings Reported	N/A
Savings Funds Audited	N/A
Difference	N/A

Display the audited Savings Amount in the “Schedule of School Facility Program Determination of Project Savings”.

Methodology: Not applicable to the project, as this is not a modernization project verified through review of the project transaction detail and summary in the closeout documents obtained from the OPSC.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

24. Display in “Schedule of School Facility Program Summary of Final Project Funding” (Section VII) the total amount to be returned to the State.

Methodology: See page 27 for the Schedule of School Facility Program Summary of Final Project Funding. This schedule shows the project achieved savings of \$49,989 and is to be returned to the State. The amounts used were obtained from the final SAB 50-06 form, the DLOPE, the SAB approval item, and results from procedures 1-21.

Result of testing: The District has met the compliance requirement of this procedure through accurately reporting amounts to be returned to the State on the Schedule of School Facility Program Summary of Final Project Funding on page 27.

VI. Unfunded List Projects

1. Obtain the LEA’s listing of purchased computers, printers, and computer carts.

Methodology: Not applicable to the project, as the project was not added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017. This was verified through the California Department of General Services Project Tracking website, which showed the project was placed on the unfunded list on May 23, 2018.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

2. If computers, printers, or computer carts were purchased, inspect the following documentation to determine if expenditures were made within the scope of the project funded.
 - a. The District must submit a letter or other documents which details:
 1. Location of computers
 2. Use of computers
 3. District’s rationale for the amount of computers purchased
 - b. Per *Education Code* Section 17071.25(a)(2)(A) the California classroom loading standard has been used to determine the number of eligible computers.
 1. K-6 = 25 pupils per classroom
 2. 7-8 = 27 pupils per classroom
 3. 9-12 = 27 pupils per classroom

4. Non-Severe = 13 pupils per classroom

5. Severe = 9 pupils per classroom

In addition to the above, one additional computer per classroom has been allowed for the teaching station.

Methodology: Not applicable to the project, as the project was not added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017. This was verified through the California Department of General Services Project Tracking website, which showed the project was placed on the unfunded list on May 23, 2018.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

3. Obtain the number of classrooms approved for the project and type of project approved from the SAB item that approved the project apportionment.

Methodology: Not applicable to the project, as the project was not added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017. This was verified through the California Department of General Services Project Tracking website, which showed the project was placed on the unfunded list on May 23, 2018.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

4. Calculate the number of eligible computers.

- a. Eligible computers = (number of classrooms x loading standard (as determined by type of project)) + (1 additional computer (teaching station) x number of classroom).
- b. Computers reported beyond the calculated eligible computer total are not eligible for State funding.
- c. The amount associated with ineligible computers = number of ineligible computers X amount paid by LEA per computer.

A	Cost of Computers and Related Equipment	N/A
B	Number of Computers Purchased	N/A
C	Average Cost Per Computer (A/B)	N/A
D	Eligible Computers Calculation	N/A
E	Difference (D-B)	N/A
F	Audited – Amount Associated with Ineligible Computers (E*C)	N/A

Methodology: Not applicable to the project, as the project was not added to the Unfunded List between May and October 2012 and received SAB approval for placement on the Unfunded List on June 5, 2017. This was verified through the California Department of General Services Project Tracking website, which showed the project was placed on the unfunded list on May 23, 2018.

Result of testing: This audit procedure does not indicate noncompliance because it is not applicable.

Conclusion

The results of our testing of each procedure in the methodology section indicated that, in all significant aspects, the Big Sur Unified School District has met the objectives related to Financial Hardship Project No. 58/75150-00-002 except for as described in the Schedule of School Facility Program Summary of Audit Findings. The Big Sur Unified School District complied with all requirements, except for as described in the Schedule of School Facility Program Summary of Audit Findings, of Proposition 51 and requirements outlined in Appendix B contained in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel.

Big Sur Unified School District
Project No. 58/75150-00-002
Schedule of School Facility Program Summary of Audit Findings

Section	Procedure	Objective	Finding/Outcome	Site Related Amount (OPSC Amount)	All Other Ineligible Expenditures (CDE Action)
IIIA	3b	Determine if the type of project expenditures reported are eligible in accordance with the laws and regulations of the SFP and/or the Advisory Listings in the Grant Agreement (Section G & Section H).	The final SAB 50-06 Expenditure Report and the DLOPE reported numerous Repairs and Maintenance expenditures in the total amount of \$9,535 that are considered ineligible per Section H of the Grant Agreement because they are considered operational in nature.	There is no site related amounts that the OPSC may take action on.	The \$9,535 in ineligible expenditures are considered all other ineligible expenditures that the California Department of Education may take action on. Per <i>Education Code</i> Section 41024, the State share of any ineligible expenditure shall be returned to the State.
IIIA	14(3)	(3) has developed an ongoing major maintenance plan that complies with and is implemented under the provisions of Education Code Section 17070.75 and 17070.77, and Grant Agreement Section D, Paragraph 3.	The District was unable to provide the ongoing major maintenance plan. Auditor noted the ending fund balance of the Restricted Maintenance Account (resource 8150) was zero as of June 30, 2020, per review of the 2019-2020 unaudited actuals.	N/A	N/A

Recommendation

Section IIIA, Procedure 3b

Once the final SAB 50-06 Expenditure Report and the DLOPE is submitted to the OPSC, the District is unable to revise those reports, thus it is recommended when the California Department of Education sends a management decision letter in regards to the ineligible expenditures that the District responds within three weeks with the corrective action plan.

Section IIIA, Procedure 14(3)

The District should develop an ongoing major maintenance plan that complies with Education Code Section 17070.75 & 17070.77.

Views of Responsible Officials

Section IIIA, Procedure 3b

At the conclusion of the audit, management was informed that the District can file for a formal appeal, request a repayment plan, or pay the full amount of ineligible expenditures reported. Management agrees and has decided to repay the full amount of ineligible expenditures when the California Department of Education has submitted an invoice to the District after the corrective action plan has been submitted.

Section IIIA, Procedure 14(3)

At the conclusion of the audit, management was informed of the requirements to develop an ongoing major maintenance plan. Management agrees and has decided to develop an ongoing major maintenance plan.

Big Sur Unified School District

Project No. 58/75150-00-002

Schedule of School Facility Program Site Grant Adjustments Summary

Site Grant Types	A	B	C	D	E	F
	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)
Site Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Relocation	-	-	-	-	-	-
Site Hazardous						
Waste Removal	-	-	-	-	-	-
Department of Toxic						
Substance Control	-	-	-	-	-	-

Big Sur Unified School District

Project No. 58/75150-00-002

Schedule of School Facility Program Determination of Project Savings

	<u>Reported</u>	<u>Audited</u>	<u>Difference</u>
A. State Share: Grant Amount (do not include site acquisition, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 108,828	\$ 108,828	\$ -
B. Plus District Contribution	10,491	10,491	-
C. Plus Financial Hardship Apportionment	62,061	62,061	-
D. District Share: (B + C)	72,552	72,552	-
E. Plus Interest Earned on State Funds	4,108	4,108	-
F. Amounts Financed (A + D + E = F)	185,488	185,488	-
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)	135,499	135,499	-
H. Amount Overspent (if reported expenditures more than amounts financed) (F - G = H)	-	-	-
I. Amount of Savings (if reported expenditures less than amounts financed) (F - G = I)	49,989	49,989	-

Big Sur Unified School District

Project No. 58/75150-00-002

Schedule of School Facility Program Summary of Final Project Funding

	<u>Hardship</u>	<u>Department</u>
A. State Share: Grants Received (do not include site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	\$ 108,828	
B. Plus District Contribution	10,491	
C. Plus Financial Hardship Apportionment	62,061	
D. District Share (B + C = D)	72,552	
E. Plus Audited Interest Earned on State Funds	4,108	
F. Total Project Financing (A + D + E = F)	185,488	
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)	135,499	
H. Amount Overspent (if reported expenditures more than project financing) (G - F = H)	-	
I. Amount of Audited Savings (if reported expenditures less than project financing) (F - G = I; also Audited Savings amount on SFP Project Savings Schedule)	49,989	OPSC
J. Ineligible Expenditures – Audit Findings from SFP Summary of Audit Findings	9,535	CDE
K. Financial Hardship Grant Adjustment - Expenditures prior to Fund Release that exceeded District Contribution – Audit Finding from SFP Summary of Audit Findings	-	OPSC
L. Site Grant Adjustments – from Schedule of Site Grant Adjustments Summary	-	OPSC
M. Total Amount to be returned to the State (Non-Financial Hardship For Audit Findings and Site Grant Adjustments) (J + K + L = M)	N/A	
N. Total Amount to be returned to the State - Financial Hardship District (I + J + K + L = N)	59,524	

Big Sur Unified School District

Project No. 58/75150-00-002

Schedule of the Percent the LEA Spent on Hard Construction Costs

	<u>Amount</u>	<u>Percentage</u>
60% of Total Grant	108,828	60%
Reported Hard Costs and Percentage	80,434	44%
Audited Hard Costs and Percentage	80,434	44%
Difference	-	0%



BETTY T. YEE
California State Controller

December 24, 2021

Superintendent
Big Sur Unified
69325 Highway One
Big Sur, CA 93920-9555

Re: Certification Letter for Big Sur Unified, Pacific Valley School, Rehabilitation 58/75150-00-002

The State Controller's Office (SCO) has completed its desk review of the referenced entity's audit report dated September 29, 2021. 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 dark ink, appearing to read "J. James", is written over a light blue horizontal line.

JOEL JAMES, Chief
Financial Audits Bureau
Division of Audits