

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE K BOND PROGRAM  
PERFORMANCE AUDIT**

**For the Six Months Ended December 31, 2003**

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
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**December 31, 2003**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
The Measure K Citizens' Oversight Committee  
Beverly Hills Unified School District  
255 South Lasky Drive  
Beverly Hills, CA 90212-3697

We have examined the Beverly Hills Unified School District's compliance with the performance requirements for the Proposition 39/Measure K General Obligation Bonds for the period ended December 31, 2003 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 the Beverly Hills Unified School District's compliance with those requirements. Our responsibility is to express an opinion on the Beverly Hills Unified School District's compliance with such requirements thereof based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Beverly Hills Unified School District's compliance with specified requirements.

In our opinion, the Beverly Hills Unified School District complied, in all material respects, with the aforementioned requirements for the period ended December 31, 2003.

VICENTI, LLOYD & STUTZMAN LLP

January 25, 2004

**BEVERLY HILLS UNIFIED SCHOOL DISTRICT**  
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**OBJECTIVES**

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Beverly Hills Unified School District Building Fund – Measure K Bond Program.
- Determine whether expenditures charged to the Building Fund – Measure K Bond Program, have been made in accordance with the bond project list approved by the voters through the approval of Measure K in March 2002.
- Note any incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District Board and the Measure K Citizens' Oversight Committee with a Performance Audit as required under the requirements of the California Constitution and Proposition 39.

**SCOPE OF THE AUDIT**

The scope of our Performance Audit covered the period of July 1, 2003 to December 31, 2003. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to December 31, 2003 were not reviewed or included within the scope of our audit or in this report.

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**BACKGROUND INFORMATION**

In November, 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school district's and community colleges under certain circumstances and subject to certain conditions. In March 2002, a general obligation bond proposition (Measure K) of the Beverly Hills Unified School District was approved by the voters of that District. Measure K authorized the District to issue up to \$90,000,000 of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District has established a Citizens' Oversight Committee and appointed its initial members. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure K bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct, an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Building Fund – Measure K Bond Program have been expended only for the authorized bond projects.

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**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the period of July 1, 2003 to December 31, 2003 for the Building Fund – Measure K Bond Program. Within the period audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Proposition 39 and Measure K as to the bond projects. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure K election documents.
- We selected a sample of expenditures for the period under audit and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We verified that funds from the Building Fund – Measure K Bond Program were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund – Measure K Bond Program were not used for salaries of school administrators or other operating expenses of the District.

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**CONCLUSION**

Based upon our procedures performed, we found that for the items tested, the Beverly Hills Unified School District has properly accounted for the expenditures of the funds held in the Building Fund – Measure K Bond Program and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Building Fund – Measure K Bond Program, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**December 31, 2003**

**FINDING 04-1 – PROCEDURAL REQUIREMENTS OF PROPOSITION 39**

**FINDING:** During our review of the five required community members that the Citizen's Oversight Committee must be comprised of (per ECS 15282), it was noted that the position for an active member of a bona fide taxpayers' organization remains vacant.

**RECOMMENDATION:** The District should make a concerted effort to fill all required positions on the Citizens' Oversight Committee.

**DISTRICT RESPONSE:**