



VICENTI LLOYD & STUTZMAN LLP

MAKING A POSITIVE DIFFERENCE IN OUR WORLD

ROWLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE R BOND PROGRAM
PERFORMANCE AUDIT

Fiscal Year Ended June 30, 2007

RESPECT FOR
THE
INDIVIDUAL



HIGH ETHICAL
STANDARDS



INNOVATION
CREATIVITY
CHANGE



MUTUAL TRUST



UNEQUIVOCAL
EXCELLENCE

ROWLAND UNIFIED SCHOOL DISTRICT
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June 30, 2007

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Objectives.....	2
Scope of the Audit.....	2
Background Information	3
Procedures Performed.....	4
Conclusion	5
Schedule of Findings and Recommendations.....	6



INDEPENDENT AUDITORS' REPORT

The Board of Education
The Citizens' Oversight Committee
Rowland Unified School District
1830 Nogales Street
Rowland Heights, CA 91748

We have examined the Rowland Unified School District's compliance with the performance requirements for the Proposition 39/Measure R General Obligation Bonds for the fiscal year ended June 30, 2007, 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 Rowland Unified School District's compliance with those requirements. Our responsibility is to express an opinion on the Rowland Unified School District's compliance 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 Rowland Unified School 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 Rowland Unified School District's compliance with specified requirements.

In our opinion, except for the item described in the accompanying schedule of findings and recommendations the Rowland Unified School District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2007.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

December 6, 2007

ROWLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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PERFORMANCE AUDIT
June 30, 2007

OBJECTIVES

The objectives of our performance audit were to:

- determine the expenditures charged to the Rowland Unified School District Bond Building Fund.
- determine whether expenditures charged to the Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure R in June 2006.
- note any incongruities or system weaknesses and provide recommendations for improvement.
- provide the District Board and the Citizens' Oversight Committee with a performance audit as specified 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, 2006 to June 30, 2007. 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 June 30, 2007 were not reviewed or included within the scope of our audit.

ROWLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE R BOND PROGRAM
PERFORMANCE AUDIT
June 30, 2007

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 districts and community colleges under certain circumstances and subject to certain conditions. In June 2006, a general obligation bond proposition (Measure R) of the Rowland Unified School District was approved by the voters of that District. Measure R authorized the District to issue up to \$118,000,000 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 Education 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 made using the proceeds of the bonds issued pursuant to the 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 Bond Building Fund have been expended only for authorized bond projects.

ROWLAND UNIFIED SCHOOL DISTRICT

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

June 30, 2007

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1, 2006 to June 30, 2007 for the Bond Building Fund – Measure R. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure R with regards to the approved bond projects list. We performed the following procedures:

- reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure R election documents.
- selected a sample of expenditures for the period of July 1, 2006 to June 30, 2007 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- verified that funds from the Bond Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds expended from the Bond Building Fund – Measure R were not used for salaries of school administrators or other operating expenses of the District.

ROWLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE R BOND PROGRAM
PERFORMANCE AUDIT
June 30, 2007

CONCLUSION

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

However, we did note a procedural matter which should be considered and is reflected in the accompanying schedule of findings and recommendations. Our audit does not provide a legal determination on the District's compliance with these requirements.

ROWLAND UNIFIED SCHOOL DISTRICT

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2007**

Finding 07-1 – Maintenance of Measure R Website

Finding: Education Code section 15280 requires that documents and reports provided to the Citizens' Oversight Committee (COC) and minutes of proceedings of the COC be made available on a website maintained by the District to keep the community informed of committee activities. It also requires that reports made by the committee be available on the website. In our examination, we noted the District had established its Measure R website. However, we noted that minutes of COC meetings and documents and reports given to the committee are not being posted to the website.

Recommendation: The site should be revised to provide for proper reporting. This should include timely posting of agendas for meetings, posting of documents and reports received by the Citizens Oversight Committee, the approved minutes of committee meetings and of reports made by the committee.

District Response: The District will implement the recommendation.