

ROWLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
BOND BUILDING FUND – MEASURE R (2006)
PERFORMANCE AUDIT

Fiscal Year Ended June 30, 2013



ROWLAND UNIFIED SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

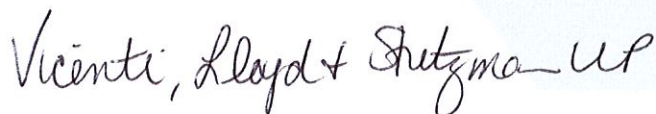
We have conducted a performance audit of the Rowland Unified School District (the "District"), Measure R (2006) General Obligation Bond funds for the year ended June 30, 2013.

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 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 on page three of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure R (2006) General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure 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 and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, for the fiscal year ended June 30, 2013, the District complied, in all significant respects, the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
December 4, 2013

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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 June, 2006, a general obligation bond proposition (Measure R) of the District was approved by the voters of the District. Measure R (2006) 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 of Measure R (2006).

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Education of the District 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 R (2006) 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 Measure R (2006) have been expended only for the authorized bond projects. Consistent with this provision, Section 15286 of the California Education Code requires the performance audit to be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and be submitted to the Citizens' Oversight Committee by March 31st of each year.

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OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Bond Building Fund -- Measure R (2006).
- Determine whether expenditures charged to the Bond Building Fund -- Measure R (2006) have been made in accordance with the bond project list approved by the voters through the approval of Measure R in November 2006.
- Note any incongruities, system weaknesses, or non-compliance with specific California Education Code sections related to bond oversight and provide recommendations for improvement.
- Provide the District Board and the 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, 2012 to June 30, 2013. The sample of expenditures tested were selected from object and project codes associated with the bond projects. However, not all planned projects incurred expenditures in the current year, and not all projects with expenditures were tested. Expenditures incurred subsequent to June 30, 2013 were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for fiscal year ended June 30, 2013 for the Bond Building Fund – Measure R (2006). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure R (2006) with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure R election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2013, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 112 transactions totaling \$20,454,960. This represents 64% of total expenditures \$32,106,845 of funds 21.6 Measure R (2006), 21.9 Build America Bonds, and the County School Facilities Fund.
- We verified on a sample basis that funds from the Bond Building Fund – Measure R (2006) were expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified on a sample basis that Bond Building Fund – Measure R (2006) funds were used for salaries only for work that would not exist but for the existence of the construction projects as allowable per opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

We reviewed documentation, including the District’s website, to verify compliance with certain bond oversight requirements of the California Education Code, including the membership make-up of the Citizens’ Oversight Committee, publication of committee proceedings, and issuance of an annual report to the public.

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CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Bond Building Fund – Measure R (2006) and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Bond Building Fund – Measure R (2006) and expended by the District were used for salaries only for work that would not exist but for the existence of the construction projects as allowable per opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

In addition, the results of our tests indicate that, in all significant respects, the District complied with the applicable California Education Code requirements for which the purpose of a Citizens' Oversight Committee is established.

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SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

There were no findings related to the performance audit for the fiscal year ended June 30, 2013.

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**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2013**

There were no findings related to the performance audit for the fiscal year ended June 30, 2012.