

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

Fiscal Year Ended June 30, 2009



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INDEPENDENT AUDITORS' REPORT

The Board of Education
The Citizens' Bond 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 (2006) General Obligation Bonds for the fiscal year ended June 30, 2009, 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, 2009.

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

December 2, 2009

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OBJECTIVES

The objectives of our performance audit were to:

- determine the expenditures charged to the Rowland Unified School 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 June 2006;
- note any incongruities or system weaknesses and provide recommendations for improvement;
- provide the District Board and the Citizens’ Bond 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, 2008 to June 30, 2009. 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, 2009 were not reviewed or included within the scope of our audit.

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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 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' Bond Oversight Committee and appointed its initial members. The principal purpose of the Citizens' Bond 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' Bond 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.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1, 2008 to June 30, 2009 for the Bond Building Fund – Measure R (2006). 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 (2006) 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 (2006) election documents;
- selected a sample of expenditures for the fiscal year ended June 30, 2009, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 49 transactions totaling \$5,011,303. This represents 63% of total expenditures of \$7,979,072;
- verified that funds from the Bond Building Fund – Measure R (2006) for the sample selected were 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 (2006) 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 Rowland Unified School 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 for authorized bond projects. Furthermore, it was noted that the funds held in the Bond Building Fund – Measure R (2006), 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.

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2009

FINDING 09-1 – CITIZENS’ BOND OVERSIGHT COMMITTEE

Original Finding 08-2

Finding: During our review of the Citizens’ Bond Oversight Committee (the Committee) members list, we noted that the Committee has had a vacant position for part of the year, resulting in only six members being on the committee during this time span. Per Section 15282 of the Education Code, the Citizens’ Bond Oversight Committee shall consist of at least seven members.

Recommendation: The District should take all necessary means to fill any open vacancy of a member position in an effective and timely manner.

District Response: The District is in the process of recruiting community members to apply and fill the Citizens’ Bond Oversight Committee vacancy.

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STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
June 30, 2009

FINDING 08-1 – MAINTENANCE OF MEASURE R WEBSITE

Original Finding 07-1

Finding: Education Code section 15280 requires that all documents and reports provided to the Citizens' Bond Oversight Committee (CBOC) and minutes of proceedings of the CBOC 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 and that reports made by the committee as well as most meeting minutes and some documents and reports given to the committee were posted. However, we noted that the January 2008 minutes of the CBOC meeting was not posted and that many of the 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 Bond Oversight Committee, the approved minutes of committee meetings and of reports made by the committee.

Current Status: Implemented

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STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
June 30, 2009

FINDING 08-2 – CITIZENS’ BOND OVERSIGHT COMMITTEE

Finding: During our review of the Citizens’ Bond Oversight Committee (the Committee) members list, we noted that the Committee has had a vacant position for the entire year, resulting in only six members being on the committee during this time span. Per Section 15282 of the Education Code, the Citizens’ Bond Oversight Committee shall consist of at least seven members.

Recommendation: The District should take all necessary means to fill any open vacancy of a member position in an effective and timely manner.

Current Status: Not implemented. See current year finding 09-1.