

**ROSS VALLEY SCHOOL DISTRICT
MARIN COUNTY
SAN ANSELMO, CALIFORNIA**

MEASURE A - BUILDING FUND

PERFORMANCE AUDIT

JUNE 30, 2017

**ROSS VALLEY SCHOOL DISTRICT
MEASURE A - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Education and
Citizens' Oversight Committee
Ross Valley School District
San Anselmo, California

We have conducted a performance audit of Ross Valley School District's Measure A - Building Fund for the year ended June 30, 2017.

We conducted this performance audit in accordance with standards applicable to performance audits contained in *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 within this report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that, in all significant respects, the proceeds from the sale of the Measure A, General Obligation Bonds, Election of 2010, which were deposited into the Measure A - Building Fund, were only expended on projects approved by the voters, in accordance with Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

January 12, 2018

ROSS VALLEY SCHOOL DISTRICT
MEASURE A - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Background

In a general election held on November 7, 2000, California voters approved Proposition 39, which provides that the governing board of a school district may pursue the authorization and issuance of bonds by a 55% vote of the electorate. As a result of the passage of Proposition 39, language was added to the Education Code addressing the requirement to establish a Citizens' Oversight Committee to monitor and audit bond proceeds to ensure they are spent only on school and classroom improvements and not for any other purpose.

Proposition 39 contains two specific reporting requirements that are applicable to the District's general obligation bond program. The first requirement is for school district boards to provide for an annual, independent financial audit of the proceeds from the sale of the bonds until all of the funds have been expended for school facilities projects. The second requirement is for school district boards to provide for an annual, independent performance audit to ensure that the bond funds have been expended only on the specific projects listed in the ballot measure.

Financial audits provide reasonable assurance about whether the financial statements of an entity present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Performance audits are an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, or activity, in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.

The Board of Education of Ross Valley School District voted to place a 55% school facilities bond (Measure A) on the November 2010 ballot. On November 2, 2010, the Measure A, General Obligation Bonds, Election of 2010, were authorized at a general election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$41 million.

Objectives of the Audit

The objectives of the performance were to determine with reasonable assurance that:

- The expenditures charged to the Measure A - Building Fund are properly recorded and supported.
- The expenditures charged to the Measure A - Building Fund have been made in accordance with the bond project list approved by the voters of the District through the approval of Measure A.
- Any discrepancies or weaknesses in internal control are identified and recommendations for improvement are provided.
- The District's Board of Education and Citizens' Oversight Committee are provided with performance and financial audit reports as required by the California Constitution and Proposition 39.

ROSS VALLEY SCHOOL DISTRICT
MEASURE A - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Scope of the Audit

The scope of the performance audit was limited to testing a representative sample of financial transactions recorded in the Measure A - Building Fund during the period of July 1, 2016 through June 30, 2017, in conjunction with our testing of the District's compliance with the requirements of Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution. (The sample selected for our testing included 92% of the total expenditures charged to the Measure A - Building Fund during the fiscal year covered by our audit.)

Procedures Performed

We obtained the Measure A - Building Fund general ledger and financial activity reports prepared by the District for the fiscal year ended June 30, 2017. For the items tested, within the fiscal year audited, we obtained the actual invoices and other supporting documentation to ensure compliance with the requirements of Proposition 39 and Measure A with regards to the approved bond projects list.

To meet our objectives, audit tests were performed, including, but not limited to, the following procedures:

- Reviewed bond sale transactions and determined that bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts, as applicable.
- Reviewed the approved project listing included in the Measure "A" 2010 election documents
- Reviewed expenditures charged against the bond proceeds to confirm that the funds were used only for the purposes of the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, and/or the acquisition or lease of real property for school facilities.
- Reviewed expenditures charged against the bond proceeds to confirm that the funds were not used to pay for teacher or administrative salaries, or any other school operating expenditures.
- Reviewed expenditures charged against the bond proceeds to confirm that the bond funds were spent only on projects identified in the ballot measure text.
- Reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.

Conclusion

The results of our tests indicated that, in all significant respects, the Ross Valley School District has complied with the requirements of Proposition 39, as incorporated in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

ROSS VALLEY SCHOOL DISTRICT
MEASURE A - BUILDING FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017 - 001

CITIZENS' OVERSIGHT COMMITTEE

- Criteria: In accordance with Education Code Section 15282 (a), the citizens' oversight committee must consist of at least seven members and must include at least one of each type of the following members:
- One member shall be active in a business organization representing the business community located within the district.
 - One member shall be active in a senior citizens' organization.
 - One member shall be active in a bonafide taxpayers' organization.
 - One member shall be the parent or guardian of a child enrolled in the district.
 - One member shall be both a parent or guardian of a child enrolled in the district and be an active member in a parent teacher organization, such as a parent teacher association or school site council.
- Condition: During fiscal year 2016-17, several of the required membership positions were vacant.
- Questioned Costs: None.
- Context: A total of \$3,490,975 of bond funds were expended during the current fiscal year.
- Effect: The District did not comply with Education Code Section 15282(a).
- Cause: The District has had a difficult time recruiting applicants to fill the vacant positions.
- Recommendation: The District should continue its efforts to recruit applicants to fill the vacant positions.
- District Response: The District had attempted to recruit new participants for the Citizens Oversight Committee in 2016-17 with insufficient applications received. The District has done another recruitment process and has extended the search for applicants to fill the required 7 slots per Ed Code. The District expects to have sufficient applicants in order for the Board to make appointments by Spring 2018.

ROSS VALLEY SCHOOL DISTRICT
MEASURE A - BUILDING FUND
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation if Not Fully Implemented</u>
2016 - 001		
<u>CITIZENS' OVERSIGHT COMMITTEE</u>		
The District should continue its efforts to recruit applicants to fill the vacant positions.	Partially Implemented	Comment Repeated (See Finding 2017 - 001)