

WESTERN PLACER UNIFIED SCHOOL DISTRICT

**MEASURE N GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2019

WESTERN PLACER UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Western Placer Unified School District
Lincoln, California

We have conducted a performance audit of the Western Placer Unified School District (the "District") Measure N General Obligation Bond funds for the year ended June 30, 2019.

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 conclusion based on our audit objectives. We believe 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 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure N General Obligation Bonds 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 Western Placer Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Western Placer Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on 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, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our procedures indicated that, in all significant respects, Western Placer Unified School District expended Measure N General Obligation Bond funds for the year ended June 30, 2019 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
February 3, 2020

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE N GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of Western Placer Unified School District approved the \$60,000,000 million Measure N General Obligation Bonds, with greater than 55% of the votes in favor. The text of the ballot language was as follows:

"Local Middle School Upgrade/ New Elementary School Construction Measure. To construct a new elementary school to prevent overcrowding and to upgrade/enhance/expand Glen Edwards Middle School by repairing classrooms, leaky roofs, ensuring safe drinking water, improving student safety, and updating and constructing science, math, computer labs, and a new gymnasium, shall Western Placer Unified School District issue \$60,000,000 in bonds, at legal rates, require independent audits, citizens' oversight, no money for administrators' salaries, with all funds used locally?"

The District's Board of Trustees developed the following Bond Project List for Measure N:

As discussed above, the Project List includes the construction of a new elementary school and the modernization, upgrade and construction projects at Glen Edwards Middle School, including:

- Provide modern technology and computers to support 21st-century education
- Upgrade science labs and technology for improved 21st Century learning at Glen Edwards Middle School
- Modernize classrooms/ facilities to support instruction in core subjects like math, science, reading and writing at Glen Edwards Middle School
- Repair/ replace leaky roofs, floors, plumbing, lighting, electrical, HVAC and water systems at Glen Edwards Middle School
- Renovate Glen Edwards Middle School and replace aging portables with new classrooms at Glen Edwards Middle School
- Improve energy efficiency and reinvest the savings into instructions
- Relieve overcrowding by constructing a new elementary school

WESTERN PLACER UNIFIED SCHOOL DISTRICT
MEASURE A GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

WESTERN PLACER UNIFIED SCHOOL DISTRICT MEASURE N GENERAL OBLIGATION BONDS
(Continued)

On May 2017, the District issued 2016 General Obligation Bonds, Series 2017A, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.00% to 5.00% and are scheduled to mature through August 2047.

On November 2018, the District issued 2016 Series B General Obligation Bonds, totaling \$30,000,000. The bonds bear interest at rates ranging from 3.50% - 5.00% and are scheduled to mature through August 2043.

The financial activity related to the Measure N General Obligation Bonds is recorded within the District's Financial Activity Report for Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2019.

WESTERN PLACER UNIFIED SCHOOL DISTRICT
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
For the Fiscal Year Ended June 30, 2019

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure N General Obligation Bond funds for the year ended June 30, 2019 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure N project expenditures (the "List") for the period from July 1, 2018 through and including June 30, 2019. A total of 350 expenditures representing \$18,413,753 from July 1, 2018 to June 30, 2019, were identified.

METHODOLOGY

We performed the following procedures to the List of Measure N General Obligation Bond project expenditures for the year ended June 30, 2019:

- Verified the mathematical accuracy of the expenditures List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure N General Obligation Bonds financial statements for the year ended June 30, 2019.
- Selected a sample of expenditures totaling \$9,057,679. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 49% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects list. Verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSIONS

The results of our tests indicated that, in all significant respects, Western Placer Unified School District expended Measure N General Obligation Bond funds for the year ended June 30, 2019 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.