

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

**MEASURE D GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2017

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Measure D Oversight Committee and Board of Trustees
Roseville Joint Union High School District
Roseville, California

We have conducted a performance audit of the Roseville Joint Union High School District (the "District") Measure D General Obligation Bond funds for the year ended June 30, 2017.

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 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure D 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 Roseville Joint Union High 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 Roseville Joint Union High 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 control.

The results of our procedures indicated that, in all significant respects, Roseville Joint Union High School District expended Measure D General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Governing Board 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 Horwath LLP

Sacramento, California
November 16, 2017

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MEASURE D GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

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.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT: MEASURE D GENERAL OBLIGATION BONDS

On November 8, 2016, the electorate of Roseville Joint Union High School District approved the \$96 million "Measure D" General Obligation Bonds with greater than 55% of the qualified votes in favor. The summarized text of the ballot language was as follows:

"To upgrade local high schools with funding that cannot be taken by the State, shall Roseville Joint Union High School District upgrade science, engineering, math, career technology and core academic classrooms/ facilities, support academic instruction and prepare students for 21st Century jobs, replace electrical wiring, leaky roofs, ensure classroom accessibility, construct, acquire, repair classrooms, schools, sites/ equipment, by issuing \$96,000,000 in bonds, at legal rates, with citizen oversight, annual audits, no money for administrators? "

The District's Board of Trustees Developed a Bond Project list for the Measure D Bond Funds:

- Basic School Repair and Upgrade Projects, including the following: upgrade aging and worn out classrooms and science labs, modernize outdated science technology and engineering classrooms, ensure all classrooms are accessible for students with disabilities', make structural repairs, repair and replace electrical plumbing, roofing and mechanical systems, update school security, fire safety and emergency systems, upgrade and construct classrooms, science labs, career- training facilities and computer systems, repair or replace outdated classrooms and school buildings.
- Classroom and Technology Improvement Projects, including the following: update career technology classrooms and infrastructure to prepare students for 21st Century, upgrade electrical wiring and expand reliable high-speed wireless networks to support modern education, construct a sixth comprehensive high school to prevent overcrowding at current sites, upgrade classrooms and labs for career and technical education classes and computer systems to keep pace with technology.

On January 31, 2017, the District issued Election 2016 Series A General Obligation Bonds totaling \$50,000,000. The Bonds bear interest at rates ranging from 4.00% to 5.00%, and are scheduled to mature through August 2045.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MEASURE D GENERAL OBLIGATION BONDS
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The financial activity related to the Measure D General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 23. The Financial Activity Reports for District Funds 21 and 23 are combined to comprise the Building Fund in the District's audited financial statements.

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure D General Obligation Bond funds for the year ended June 30, 2017 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 D General Obligation Bond project expenditures for the year ended June 30, 2017 ("the List"). A total of \$4,307,543 in expenditures were identified for the fiscal year ended June 30, 2017.

METHODOLOGY

We performed the following procedures to the List of Measure D General Obligation Bond project expenditures for the year ended June 30, 2017:

- Verified the mathematical accuracy of the List.
- Agreed the List to total bond expenditures as reported by the District in the District's audited Measure D General Obligation Bonds financial statements for the year ended June 30, 2017.
- Selected a sample of 25 expenditures totaling \$2,902,991. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 67.39% 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. 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.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Roseville Joint Union High School District expended Measure D General Obligation Bond funds for the fiscal year ended June 30, 2017 only for the purposes approved by the voters and only on the specific projects developed by the District's Governing Board, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.