

# SUMMERVILLE UNION HIGH SCHOOL DISTRICT

Citizens' Bond Oversight Meeting

## AGENDA

Summerville High School Library  
17555 Tuolumne Road  
Tuolumne, CA 95379

March 10, 2014

6:00 PM

### COMMITTEE MEMBERS

Brian Bell-Tax Payer Organization Member  
Steve Farrell-Business Organization Representative (1)  
Anne Jacobs-Parent/Guardian-Active Booster or Committee Member  
George Kellerman-Tax Payer Organization Member (1)  
Barbra Kerr-At-large Community Member  
Ken Koral-Active Member-Senior Citizen Group  
John Latorre-Business Organization Representative  
Vicki Young-Parent/Guardian

*"Summerville Union High School District is a learning culture that nurtures and promotes self-sufficiency, contribution to society, and life-long learning."*

All Committee meetings shall be open to the public and shall be subject to the provisions of the Ralph M. Brown Act. All documents received by the Committee and reports issued by the Committee shall be a matter of public record and be made available on an Internet website maintained by the governing board of the school district. [Education Code 15280(b)]

1. CALL TO ORDER
2. ROLL CALL AND ESTABLISHMENT OF A QUORUM
3. FLAG SALUTE
4. PUBLIC COMMENT

*Because this is a public hearing, it is our time to hear from you. The Board reserves the right to limit the time of presentations by individuals and cumulative time. When addressing the Board, please state your name and address for the record. This time is set aside for items not on the agenda. The public may address the Board on agenda items immediately prior to them being considered by the Board. Though the Board generally will not respond, we are listening carefully. Depending on the nature of the presentation, the Board President or Superintendent may respond or the President may call upon Board members for brief comments, questions of clarification, provide a reference to staff or other resources for factual information, or request the Superintendent to report back to the Board at a subsequent meeting concerning the matter. However, in compliance with Board Policy and the Ralph M. Brown Act, the Board is not permitted to take action on non-agenda items. If appropriate, a Board member may direct the Superintendent to schedule an item for a future Board agenda.*

5. APPROVAL OF March 10, 2014, MEETING AGENDA
6. CORRESPONDENCE
7. INFORMATION ITEMS
8. ACTION ITEMS
  - 8.1 Receipt and review of Measure H Building Fund Financial and Performance Annual Audit. **Griffith**  
*Recommended action: For receipt and review*
  - 8.2 Discussion and input on the annual report. **Griffith**  
*Recommended action: For discussion and input.*
9. FUTURE ITEMS
10. ADJOURNMENT

AGENDA MATERIAL CAN BE INSPECTED IN THE DISTRICT OFFICE OF THE SUMMERVILLE UNION HIGH SCHOOL DISTRICT AT 17555 TUOLUMNE ROAD, TUOLUMNE, CA 95379.

In accordance with the Americans with Disabilities Act, if you need special assistance (i.e. auxiliary aids or services) in order to participate in this public meeting, please contact the District Office, 209-928-3498. Notification 48 hours prior to the start of the meeting will enable the District to make reasonable accommodations to ensure accessibility to this public meeting.

All written materials for this Citizens' Bond Oversight Committee meeting are available for public review in the District Office at the same time they are distributed to the oversight committee.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

**Board Reference Material**

<b><u>Subject:</u></b>	Receipt and review of Measure H Building Fund Financial and Performance Annual Audit
<b><u>Date Submitted:</u></b>	March 10, 2014
<b><u>Discussion:</u></b>	Measure H Building Fund and Performance annual audits are attached for review.
<b><u>Alternative/Identified Opposition:</u></b>	None.
<b><u>Financial Implications:</u></b>	None.
<b><u>Recommendation:</u></b>	For review and receipt.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

TUOLUMNE COUNTY  
TUOLUMNE, CALIFORNIA

FINANCIAL AUDIT

JUNE 30, 2013



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
FINANCIAL AUDIT  
JUNE 30, 2013

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FINANCIAL SECTION

**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Governing Board  
Summerville Union High School District

and

Citizens' Oversight Committee  
Measure H, General Obligation Bonds, Election of 2012

Report on the Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Summerville Union High School District for the fiscal year ended June 30, 2013, and have issued our report thereon dated December 6, 2013. We have also audited the accompanying Measure H - Building Fund Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, of Summerville Union High School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Governing Board  
Summerville Union High School District /  
Citizens' Oversight Committee  
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure H - Building Fund of Summerville Union High School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013 on our consideration of the Summerville Union High School District's internal control over Measure H - Building Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over Measure H - Building Fund financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerville Union High School District's internal control over Measure H - Building Fund financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2013



SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

BALANCE SHEET

JUNE 30, 2013

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Assets

Deposits and Investments (Note 2)	\$ 3,502,528
Accounts Receivable	
Miscellaneous	1,745
Total Assets	<u>\$ 3,504,273</u>

Liabilities and Fund Balance

Liabilities:	
Accounts Payable	\$ 47,790
Fund Balance:	
Restricted for Measure H Projects	3,456,483
Total Liabilities and Fund Balance	<u>\$ 3,504,273</u>

SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
 MEASURE H - BUILDING FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>
<u>Revenues</u>		
Bond Proceeds		\$ 4,097,621
Interest	\$ 7,501	7,501
Total Revenues	7,501	4,105,122
<u>Expenditures</u>		
Services and Other Operating Expenditures:		
Insurance	53,532	53,532
Professional / Consultants	156,109	154,365
Capital Outlay:		
Building Improvements	440,742	440,742
Total Expenditures	650,383	648,639
Net Change in Fund Balances	<u>\$ (642,882)</u>	3,456,483
Fund Balance - July 1, 2012		0
Fund Balance - June 30, 2013		<u>\$ 3,456,483</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



SUMMERTVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

Summerville Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Fund Accounting

The accounts of the District are organized on the basis of funds, which are considered to be separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The proceeds from the sale of general obligation bonds, and the subsequent expenditure of the bond funds, are accounted for in the Building Fund of the District.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

D. Deposits and Investments

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
 MEASURE H - BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

County Pool Investments \$ 3,502,528

County Pool Investments

County pool investments consist of District cash held by the Tuolumne County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

General Authorization

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations / Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual & Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
 MEASURE H - BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Segmented Time Distribution

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 3,502,528	\$ 3,484,481	\$ 2,090,041	\$ 1,412,487

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 3,502,528	\$ 3,484,481			\$ 3,502,528

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer that represent five percent or more of the total investments held by the District.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2013, the District does not have any investments of this type.

Derivative Investments

The District does not directly invest in any derivative investments. Information relating to the use of derivative investments by the Tuolumne County Treasury was not available.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Governing Board  
Summerville Union High School District

and

Citizens' Oversight Committee  
Measure H, General Obligation Bonds, Election of 2012

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Measure H - Building Fund Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, of Summerville Union High School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over Measure H - Building Fund financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Governing Board  
Summerville Union High School District /  
Citizens' Oversight Committee  
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#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure H - Building Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the Measure H - Building Fund financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters related to the Measure H - Building Fund that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2013

## FINDINGS AND RECOMMENDATIONS SECTION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
SUMMARY OF FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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There are no matters to report for the fiscal year ended June 30, 2013.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

TUOLUMNE COUNTY  
TUOLUMNE, CALIFORNIA

PERFORMANCE AUDIT

JUNE 30, 2013



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**STEPHEN ROATCH ACCOUNTANCY CORPORATION**

*Certified Public Accountants*

INDEPENDENT AUDITOR'S REPORT

Governing Board  
Summerville Union High School District

and

Citizens' Oversight Committee  
Measure H, General Obligation Bonds, Election of 2012

We have conducted a performance audit of Summerville Union High School District's Measure H - Building Fund's compliance with California Proposition 39, as incorporated in Article XIII A of the California Constitution, for the fiscal year ended June 30, 2013. 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 performance audit.

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 does not provide a legal determination on the District's compliance with specific requirements.

The attached performance audit presents the objectives and scope of services for the audit of the Measure H - Building Fund Program. The report also includes the procedures performed and the results of those procedures.

In our opinion, Summerville Union High School District's Measure H - Building Fund Program complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2013. This report is intended solely for the information and use of the District's Board, and the Measure H, General Obligation Bonds, Election of 2012, Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 6, 2013



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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EXECUTIVE SUMMARY

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 Governing Board of Summerville Union High School District voted to place a 55% school facilities bond (Measure H) on the November 2012 ballot. On November 6, 2012, the Measure H, General Obligation Bonds, Election of 2012, 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 \$8 million.

On June 26, 2013, the Summerville Union High School District engaged Stephen Roatch Accountancy Corporation to perform the required financial and performance audits of the Measure H - Building Fund for the fiscal year ended June 30, 2013.

Objective

The objective of the performance audit is to provide an independent assessment of the District's compliance with certain state laws and procedures, as specified by the Summerville Union High School District, for the purpose of assisting the Measure H, General Obligation Bonds, Election of 2012 Citizens' Oversight Committee to:

- Inform the public concerning the expenditure of bond funds.
- Ensure that bond funds are expended only for the purposes described in the ballot measure.
- Ensure that no funds are used for any teacher or administrative salaries or any other school operating expenditures.



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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EXECUTIVE SUMMARY (CONCLUDED)

Scope of Services

To achieve the stated objective, the Summerville Union High School District requested Stephen Roatch Accountancy Corporation conduct a performance audit that consists solely of the following procedures:

- Review expenditures made from the bond proceeds and determine if the bond 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, or the acquisition or lease of real property for school facilities. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if any of the bond funds were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if the bond funds were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))
- Review expenditures made from the bond proceeds and determine if bond funds were expended in accordance with District and State guidelines for bidding and procurement.
- Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.
- Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.
- Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.
- Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
- Make recommendations that will help to improve the District bond program, if applicable.

Conclusion

On December 6, 2013, Stephen Roatch Accountancy Corporation completed the above procedures, which constitute the performance audit of the Measure H - Building Fund, for the fiscal year ended June 30, 2013. The results of the performance audit are presented in the Summary of Audit Results section of this report.

## SUMMARY OF AUDIT RESULTS



SUMMERVILLE UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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SUMMARY OF AUDIT RESULTS

1. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were used only for the purposes of 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. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

All expenditures reviewed were made for allowable purposes in accordance California Constitution, Article XIII A, 1(b)(3)(A).

2. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

None of the expenditures reviewed were used to pay for teacher or administrative salaries, or any other school operating expenditures prohibited by California Constitution, Article XIII A, 1(b)(3)(A).

3. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))

Results:

All expenditures reviewed were made for projects that were identified in the ballot measure.

4. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were expended in accordance with District and State guidelines for bidding and procurement.

Results:

We noted no instances where District and State guidelines for bidding and procurement were not followed.



SUMMERTON UNION HIGH SCHOOL DISTRICT  
MEASURE H - BUILDING FUND  
PERFORMANCE AUDIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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SUMMARY OF AUDIT RESULTS (CONCLUDED)

5. Procedure:

Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.

Results:

The accounting system and account codes used by the District provide an adequate system for tracking bond fund expenditures by project.

6. Procedure:

Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.

Results:

The District's actions appear to be consistent with assertions presented in the ballot measure.

7. Procedure:

Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.

Results:

All payments reviewed were made in accordance with required payment schedules.

8. Procedure:

Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.

Results:

The proceeds from the current year sale of general obligation bonds were deposited into the appropriate District funds and/or bond trustee accounts.

9. Procedure:

Make recommendations that will help to improve the District bond program, if applicable.

Results:

There are no recommendations to report as a result of this performance audit.



SUMMERVILLE UNION HIGH SCHOOL DISTRICT

**Board Reference Material**

**Subject:** Discussion and input on the annual report.

**Date Submitted:** March 10, 2014

**Discussion:** The bylaws state that the committee shall present an annual report to the Board of Education:

- 3.3 Annual Report. The Committee shall present to the Board, in public session, an annual written report which shall include the following:
- (a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
  - (b) A summary of the Committee's proceedings and activities for the preceding year.

**Alternative/Identified  
Opposition:** None.

**Financial Implications:** None.

**Recommendation:** For discussion and input.



