

**BASS LAKE JOINT UNION ELEMENTARY
SCHOOL DISTRICT
COUNTY OF MADERA
OAKHURST, CALIFORNIA**

**PROPOSITION 39/MEASURE R BOND BUILDING FUND
FINANCIAL AUDIT REPORT**

JUNE 30, 2013

**BORCHARDT, CORONA & FAETH
Accountancy Corporation
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**BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
FINANCIAL AUDIT REPORT
YEAR ENDED JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditors' Report	1
Balance Sheet – Proposition 39/Measure R Bond Building Fund	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Proposition 39/Measure R Bond Building Fund	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Comparison Schedule - Proposition 39/Measure R Bond Building Fund	5
Notes to the Financial Statements	6
OTHER INDEPENDENT AUDITORS' REPORTS	
Independent Auditors' Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10
Independent Auditors' Report on Performance	12
FINDINGS AND RECOMMENDATIONS SECTION	
Schedule of Findings and Questioned Costs	14
Summary Schedule of Prior Audit Findings	15



Independent Auditors' Report

Board of Trustees
The Bond Oversight Committee
Bass Lake Joint Union Elementary School District
Oakhurst, California

Report on the Financial Statements

We have audited the accompanying financial statements for the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 opinions 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 for the Proposition 39/Measure R Bond Building Fund are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Proposition 39/Measure R Bond Building Fund 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 opinions.

As discussed in Note A3 the financial statements present only the Bond Building Fund of Bass Lake Joint Union Elementary School District and do not purport to, and do not, present fairly the financial position of Bass Lake Joint Union Elementary School District as of June 30, 2013, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2014, on our consideration of the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District's internal control over financial reporting and compliance.

Borchardt, Corona & Faeth

Fresno, California
March 10, 2014

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
BALANCE SHEET
PROPOSITION 39/MEASURE R BOND BUILDING FUND
JUNE 30, 2013

ASSETS:	
Cash in County Treasury	<u>\$ 2,365,550</u>
Total Assets	<u><u>\$ 2,365,550</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts Payable	<u>\$ 119,643</u>
Total Liabilities	<u>119,643</u>
FUND BALANCE:	
Designated	<u>2,245,907</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 2,365,550</u></u>

See the accompanying notes to the financial statements.

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
PROPOSITION 39/MEASURE R BOND BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Revenues:	
Interest	\$ 14,041
Other local revenue	<u>77,572</u>
Total Revenues	<u>91,613</u>
Expenditures:	
Supplies and Other Operating Expenditures	190,700
Capital Outlay	<u>1,020,344</u>
Total Expenditures	<u>1,211,044</u>
Deficiency of Revenues Over Expenditures	(1,119,431)
Fund Balance, July 1	<u>3,365,338</u>
Fund Balance, June 30	<u><u>\$ 2,245,907</u></u>

See the accompanying notes to the financial statements.

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETARY COMPARISON SCHEDULE
PROPOSITION 39/MEASURE R BOND BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$ 14,500	\$ 14,041	\$ (459)
Other Local Revenue	<u>77,572</u>	<u>77,572</u>	<u>-</u>
Total Revenue	<u>92,072</u>	<u>91,613</u>	<u>(459)</u>
Expenditures:			
Supplies and Materials	157,667	190,700	(33,033)
Capital Outlay	<u>1,058,292</u>	<u>1,020,344</u>	<u>37,948</u>
Total Expenditures	<u>1,215,959</u>	<u>1,211,044</u>	<u>4,915</u>
Deficiency of Revenues Over Expenditures	(1,123,887)	(1,119,431)	4,456
Fund Balance, July 1	<u>3,365,338</u>	<u>3,365,338</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 2,241,451</u>	<u>\$ 2,245,907</u>	<u>\$ 4,456</u>

See the accompanying notes to the financial statements.

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

A. Summary of Significant Accounting Policies

1. The Program

Proposition 39, enacted by the voters on November 7, 2000, amended the required majority for local voter approval of public school and community college general obligation bonds from two-thirds to fifty-five percent of votes. It also required school districts to provide facilities to charter schools operating within their jurisdictions.

During the June 6, 2006 election, voters approved the issuance of \$15 million bonds by the Bass Lake Joint Union Elementary School District, at legal interest rates, to repair or replace worn-out roofing, heating, ventilation, air conditioning systems, plumbing and restrooms, modernize classrooms and science labs, construct new classrooms, and make other improvements to renovate the District's schools. The bond measure also called for the District to appoint a citizens' oversight committee and perform financial and performance audits.

2. Citizens' Oversight Committee

Duties of the committee include ensuring that bond revenues are expended only for construction, modernization, repair, equipping and improvements to school facilities. The committee must also ensure that no funds are used for any teacher or administrative salaries or other school operation expenses.

Furthermore, the committee is authorized to receive and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIII A, Section 1(b)(3)(C) and Article XIII A, Section 1(b)(3)(D), respectively, of the California Constitution.

3. Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants. These financial statements are comprised solely of the Proposition 39/Measure R Bond Building Fund (Bond Building Fund) and do not purport to present the financial statements of Bass Lake Joint Union Elementary School District.

4. Fund Structure

The Statement of Revenues, Expenditures, and Changes in Fund Balance is a statement of financial activities of the Bond Building Fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the results of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

5. Basis of Accounting

The Bond Building Fund of Bass Lake Joint Union Elementary School District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates market value, in accordance with the requirements of GASB Statement No. 31.

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

6. Budget

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual includes a column entitled "Budget." The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

7. Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Building Fund are determined by its measurement focus. The Bond Building is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources." Thus, the capital assets and long-term liabilities associated with the Bond Building Fund are accounted for in the basic financial statements of Bass Lake Joint Union Elementary School District.

B. Excess of Expenditures over Appropriations

As of June 30, 2013, expenditures exceeded appropriations in the individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Supplies and Materials	\$ 33,033

The District incurred expenditures which were not anticipated at the time of the budget.

C. Bonded Debt

The District passed a bond measure in June 2006 for \$15,000,000 and issued \$9,999,851 in December 2006. Bond proceeds were approved for modernization and to add additional facilities. Use of the bond proceeds is subject to the compliance requirements of Proposition 39.

On June 29, 2010 the District issued the remaining approved bonds from the 2006 election. Included in the Series 2010 issuance was \$175,000 of current interest bonds bearing interest of 2% to 5% and maturing on August 1, 2034. Also \$2,523,579 of capital appreciation serial bonds bearing interest of 3.15 to 12.00% maturing August 1, 2040 and \$2,301,515 of capital appreciation term bonds bearing interest of 7.1 to 7.2% and maturing on August 1, 2045 and June 1, 2050.

The outstanding general obligation bonded debt of the District as of June 30, 2013, is:

<u>Date of Issue</u>	<u>Interest Rate%</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2012</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2013</u>
2006	4.00-4.50	2025	\$ 7,785,000	\$ 6,830,000	\$ 200,000	\$ 6,630,000
2006	4.46-5.05	2032	2,214,851	2,214,851	-	2,214,851
2010	2.00-5.00	2035	175,000	135,000	20,000	115,000
2010	3.15-12.00	2041	2,523,579	2,523,579	-	2,523,579
2010	7.10-7.20	2050	2,301,515	2,301,515	-	2,301,515
			<u>\$ 14,999,945</u>	<u>\$ 14,004,945</u>	<u>\$ 220,000</u>	<u>\$ 13,784,945</u>

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2013, are as follows:

General Obligation Bonds

Series 2006 (Serial Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 235,000	\$ 267,800	\$ 502,800
2015	270,000	257,700	527,700
2016	300,000	246,300	546,300
2017	340,000	233,500	573,500
2018	385,000	219,000	604,000
2019 - 2023	2,720,000	782,075	3,502,075
2024 - 2026	2,380,000	148,400	2,528,400
Totals	\$6,630,000	\$2,154,775	\$ 8,784,775

Series 2006 (Capital Appreciation Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2027 - 2031	\$1,859,303	\$3,345,697	\$ 5,205,000
2032	355,548	844,452	1,200,000
Totals	\$2,214,851	\$4,190,149	\$ 6,405,000

Series 2010 (Current Interest Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ -	\$ 5,750	\$ 5,750
2015	-	5,750	5,750
2016	-	5,750	5,750
2017	-	5,750	5,750
2018	-	5,750	5,750
2019 - 2023	-	28,750	28,750
2024 - 2028	-	28,750	28,750
2029 - 2033	-	28,750	28,750
2034 - 2036	115,000	14,375	129,375
Totals	\$ 115,000	\$ 129,375	\$ 244,375

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

General Obligation Bonds

Series 2010 (Capital Appreciation Serial Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 8,530	\$ 1,470	\$ 10,000
2017	8,023	1,977	10,000
2018	7,526	2,474	10,000
2019 - 2023	51,958	38,042	90,000
2024 - 2028	112,518	162,482	275,000
2029 - 2033	426,710	1,323,290	1,750,000
2034 - 2038	1,484,637	6,525,363	8,010,000
2039 - 2041	423,677	5,596,323	6,020,000
Totals	<u>\$2,523,579</u>	<u>\$ 13,651,421</u>	<u>\$ 16,175,000</u>

Series 2010 (Capital Appreciation Term Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2046 - 2050	<u>\$2,301,515</u>	<u>\$ 29,973,485</u>	<u>\$ 32,275,000</u>

During the year, the District made payments on General Obligation Bonds of \$502,450, including interest of \$282,450. Capital Appreciation Bonds are accretive. Bond interest accumulates in the initial years and will be repaid in later years.

Other Independent Auditors' Reports

Independent Auditors' 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*

Board of Trustees
The Bond Oversight Committee
Bass Lake Joint Union Elementary School District
Oakhurst, California

We have audited, in accordance with the 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 financial statements for the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Bass Lake Joint Union Elementary School District's basic financial statements for the Proposition 39/Measure R Bond Building Fund, and have issued our report thereon dated March 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bass Lake Joint Union Elementary School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bass Lake Joint Union Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bass Lake Joint Union Elementary School 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Bass Lake Joint Union Elementary School District'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District's financial statements are free from 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 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 that are required to be reported under *Government Auditing Standards*.

The Proposition 39/Measure R Bond Building Fund of the Bass Lake Joint Union Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Proposition 39/Measure R Bond Building Fund of the Bass Lake Joint Union Elementary School District's response and, accordingly we express no opinion on it.

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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Borchardt, Corona & Faeth

Fresno, California
March 10, 2014

Independent Auditors' Report on Performance

Board of Trustees
The Bond Oversight Committee
Bass Lake Joint Union Elementary School District
Oakhurst, California

We have audited the financial statements for the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District as of and for the year ended June 30, 2013. 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.

We have conducted a performance audit for the Proposition 39/Measure R Bond Building Fund of Bass Lake Joint Union Elementary School District as of and for the year ended June 30, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 below, which include determining the Bass Lake Joint Union Elementary School District's (the District) compliance with the performance requirements for the Proposition 39/Measure R Bond Building Fund for the fiscal year ended June 30, 2013, 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 District's compliance with those requirements.

Objectives

The objectives of the audit of compliance applicable to the District are to determine with reasonable assurance that:

1. The expenditures charged to the Bass Lake Joint Union Elementary School District Building Fund (subfunds) are appropriate.
2. Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure R.
3. Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
4. The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal periods from July 1, 2012 to June 30, 2013. The expenditures tested included all object and project codes associated with the bond projects. The propriety of the 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, 2013 were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013 for the Buildings Fund (subfunds). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure R with regards to the approved bond projects list. We performed the following procedures:

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

1. We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
2. We tested payments made to the construction management company and reviewed the terms of the contract.
3. We tested approximately \$660,729 in bond fund invoices paid, which is a combination of expenditures and payments on liabilities accrued as of June 30, 2013 and paid in 2012-13. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our testing included payments made to the construction management company, subcontractors and other vendors.
4. We reviewed the approved projects listing as set out in the Measure R election documents.
5. We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses for the District.
6. We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20121.
7. We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of the Bass Lake Joint Union Elementary School District to determine if internal controls are adequate to help ensure the District's compliance with the performance requirements for the Proposition 39/Measure R Bond Building Fund for the fiscal year ended June 30, 2013, under the applicable provisions of Section 1(b)(3)(c) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects, Bass Lake Joint Union Elementary School District expended Proposition 39/Measure R Bond funds for the fiscal year ended June 30, 2013 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.

This report is intended for the information of the Board of Education, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.

Borchardt, Corona & Faeth

Fresno, California
March 10, 2014

Findings and Recommendations Section

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Finding 1 - Establishing Bond Oversight Committee Meetings

Criteria or Specific Requirement

Education Code Section 15278 – The governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minute. The Committee shall convene to provide oversight for, but not limited to, both of the following: (a) bond proceeds are expended only for purposes set forth in the ballot measure and (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenditure.

Section 5.01 of the Bond Oversight Committee Bylaws also states that “the Committee shall hold four regular meetings each year...”

Condition

The District has not established a bond oversight committee for the year ended June 30, 2013.

Effect

Per discussion with legal counsel, it appears that there are no legal consequences for not holding the required number of meetings during the year, other than lack of compliance with the bond measure covenants.

Cause

According to the Superintendent, there is a lack of interest from the public regarding membership on the bond oversight committee. The District made several attempts to create a committee but was not successful.

Questioned Costs

None

Recommendation

The District should continue to make an effort to establish a citizens' oversight committee as stated in Education Code Section 15278.

District's Response

The District will continue to make an effort to establish a citizens' oversight committee as stated in Education Code Section 15278, even though the attempt has been made to establish this particular committee for a number of years in the past.

BASS LAKE JOINT UNION ELEMENTARY SCHOOL DISTRICT
PROPOSITION 39/MEASURE R BOND BUILDING FUND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation if Not Implemented</u>
1. No documentation of any Committee meetings being held was provided. It was recommended that the Citizen's Bond Oversight Committee should meet quarterly, at a minimum, as recommended by the Committee Bylaws.	Not Implemented	The District will continue to make every attempt to convene, at least quarterly, regular Bond Oversight Committee meetings as stated in the Committee Bylaws.