

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**Grass Valley, California**

**MEASURE A GENERAL OBLIGATION BONDS**  
**PERFORMANCE AUDIT**

June 30, 2011

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

MEASURE A GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT

For the Year Ended June 30, 2011

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## REPORT OF INDEPENDENT AUDITORS

Board of Trustees and  
Independent Citizens' Bond Oversight  
Committee for Measure A  
Nevada Joint Union High School District  
Grass Valley, California

We have conducted a performance audit of the Nevada Joint Union High School District (the "District") Measure A General Obligation Bond funds for the year ended June 30, 2011.

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 A 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 Nevada 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 Nevada Joint Union High School District to determine if internal controls were adequate to help ensure 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. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Nevada Joint Union High School District expended Measure A General Obligation Bond funds for the year ended June 30, 2011 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  
February 1, 2012

**NEVADA JOINT UNION HIGH 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.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION BONDS**

On March 5, 2002, the electorate of Nevada Joint Union High School District approved the \$15 million Measure A general obligation bonds with greater than 55% of the votes in favor. The text of the ballot language was as follows:

To repair local school classrooms and buildings and obtain eligibility for state funding for construction and renovation, shall the Nevada Joint Union High School District issue \$15 million of bonds at interest rates within the legal limit, provide adequate classrooms for students, acquire and construct local school sites and facilities to relieve overcrowding, appoint a citizens oversight committee, and perform annual financial and performance audits, with no proceeds used for teacher or administrator salaries or other school operating expenses?

The specific project list is provided below:

Nevada Union High School: The District plans to undertake the following specific capital improvements projects at the Nevada Union High School Campus:

- Repair, renovate and modernize the existing gymnasiums, locker rooms and athletic field
- Repair, renovate and modernize existing classroom facilities
- Repair, renovate and modernize existing restroom facilities
- Install a new HVAC system

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
(Continued)**

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT MEASURE A GENERAL OBLIGATION BONDS (Continued)**

Bear River High School: The District plans to undertake the following specific capital improvements projects at the Bear River High School Campus:

- Design and construct a new performing arts building
- Design and construct a new aquatic center

Sierra Foothill High School: The District plans to undertake the following specific capital improvements projects at the Sierra Foothill High School Campus:

- Repair, renovate and modernize existing classroom facilities
- Repair, renovate and modernize existing restroom facilities
- Install a new HVAC system

The above listing does not suggest any particular priority for construction amongst the proposed projects.

All bond expenditures are subject to review by a Citizens Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT  
MEASURE A GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS**

**OBJECTIVES**

The objective of our performance audit was to determine that the District expended Measure A General Obligation Bond funds for the year ended June 30, 2011 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 A General Obligation Bond project expenditures for the year ended June 30, 2011 (the "List"). A total of \$1,104,462 in expenditures from July 1, 2010 through June 30, 2011 were identified.

**METHODOLOGY**

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2011:

- Interview District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Document District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Perform test to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verify the mathematical accuracy of the expenditures list.
- Reconcile the list to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2011, presented as the Building and County School Facilities Funds.
- Select a sample of 14 expenditures totaling \$1,015,611 from Measure A. The sample should be selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verify that the expenditures were for authorized projects, and were to construct, upgrade, and improve classrooms and school facilities, renovate restrooms and plumbing, upgrade electrical systems, improve student access to computers and technology, replace heating and air conditioning systems or to make health and safety improvements.

**CONCLUSION**

The results of our procedures indicated that, in all significant respects, Nevada Joint Union High School District expended Measure A General Obligation Bond funds for the year ended June 30, 2011 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.