NEVADA JOINT UNION HIGH SCHOOL DISTRICT
COUNTIES OF NEVADA AND YUBA
GRASS VALLEY, CALIFORNIA

MEASURE A GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010
AND
INDEPENDENT AUDITOR’S REPORT
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INDEPENDENT AUDITOR'S REPORT

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, 2010.

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 that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

The objective of our performance audit was to determine if Nevada Joint Union High School District expended Measure A General Obligation Bond funds for the year ended June 30, 2010 in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution:

"A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed."

Solely to assist us in planning and performing our performance audit, we made a study and evaluation 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 controls.

In our opinion, Nevada Joint Union High School District expended Measure A General Obligation Bond funds for the year ended June 30, 2010 in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

February 3, 2011
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, 2010 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, 2010 (the "List"). An approximate total of 26 transactions were identified, representing $207,240 in expenditures from July 1, 2009 through June 30, 2010.

METHODOLOGY

We performed the following procedures to the List of Measure A General Obligation Bond project expenditures for the year ended June 30, 2010:

- Verified the mathematical accuracy of the List.

- Agreed the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2010, presented as the Building and County School Facilities Funds.

- Selected a sample of 10 expenditures totaling $170,464. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 38.5% of the number of expenditures and 82.3% of the total expenditure value. Verified that the expenditures were for the approved projects and were for construction, 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 and were not spent for District administrative or instructional salaries or other administrative expenses.

CONCLUSIONS

- Nevada Joint Union High School District expended Measure A General Obligation Bond funds for the year ended June 30, 2010 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.