

MARICOPA UNIFIED SCHOOL DISTRICT  
MARICOPA, CALIFORNIA

PROPOSITION 39 GENERAL OBLIGATION BONDS  
2004 ELECTION 2005 & 2006 SERIES BOND MEASURE  
PERFORMANCE AUDIT

FOR THE YEAR ENDING JUNE 30, 2016

SCOTT ERWIN CPA INC  
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MARICOPA UNIFIED SCHOOL DISTRICT  
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**Independent Auditor's Report**

Board of Trustees and the  
Citizens' Bond Oversight Committee  
Maricopa Unified School District  
Maricopa, California

Members of the Board of Trustees and the Citizens' Bond Oversight Committee:

We have conducted a performance audit of the 2004 Election 2005 & 2006 Series General Obligation Bonds Building Fund of Maricopa Unified School District for the year ended June 30, 2016.

We conducted our performance audit in accordance with *Governmental 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 was limited to the objectives listed on page two of this report which includes determining the District's compliance with the performance requirements for the 2004 Election 2005 & 2006 Series General Obligation Bonds Building Fund under the applicable provision of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 – 15286 of the California Education Code as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the 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 and Sections 15264 and 15272 – 15286 of the California Education Code. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended 2004 Election 2005 & 2006 Series General Obligation Bonds Building Fund for the year ended June 30, 2016, only for the specific projects developed by the District's Board of Trustees, 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 and Sections 15264 and 15272 – 15286 of the California Education Code.

Respectfully submitted,

**Scott Erwin CPA**

Scott Erwin CPA Inc.

February 28, 2017

MARICOPA UNIFIED SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
2004 ELECTION 2005 & 2006 SERIES BOND MEASURE  
PERFORMANCE AUDIT  
FOR THE YEAR ENDING JUNE 30, 2016

**OBJECTIVES**

The objectives of our performance audit were to:

- Determine the expenditures charged to the Maricopa Unified School District Bond Building Fund;
- Determine whether expenditures charged to the Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of the 2004 Election 2005 & 2006 Series Bond Measure;
- Determine compliance with specific Education Code Sections related to oversight of bond expenditures;
- Note any incongruities or system weaknesses, or noncompliance with specific Education Code Sections related to oversight of fund expenditures, and provide recommendation for improvement;
- Provide the District Board and the Citizens' Oversight committee with a performance audit as specified under the requirements of the California Constitution and Proposition 39.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The expenditures tested included all object and project codes associated with the bond projects. The propriety of 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, 2016 were not reviewed or included within the scope of our audit.

**BACKGROUND INFORMATION**

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In the election of 2004, the District voters authorized \$6,000,000 in General Obligation Bonds for the purpose of funding projects including upgrades of the gymnasium, auditorium, library/computer lab, playing surfaces, playground equipment, fencing and landscaping, the repair of classroom interiors, roofs and heating, ventilation and air conditioning systems and improvements to other systems and facilities to ensure student health and safety and to pay costs of Bond issuance.

Pursuant to the requirements of Proposition 39 and related state legislation, in 2005 the Board of Education of the District established a Citizens' Bond Oversight Committee and appointed members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in state

law, is to inform the public as to the expenditures made using the proceeds of the bond issued pursuant to the bond authorization.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent audit to ensure that the proceeds of the bonds deposited into the Bond Building Fund have been expended only for authorized bond projects.

### **PROCEDURES PERFORMED**

We obtained the general ledger prepared by the District for the period July 1, 2015 to June 30, 2016 for the Bond Building Fund. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and the 2004 Election with regards to the approved bond projects list. We performed the following procedures:

- Reviewed the projects listed to be funded with general obligation bond proceeds as set out in the 2004 Election 2005 & 2006 Series Bond Measure election documents;
- Selected a sample of expenditures for the period July 1, 2015 to June 30, 2016 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects;
- Verified that funds from the 2004 Election 2005 & 2006 Series Bond Measure were generally expended for funding projects including upgrades of the gymnasium, auditorium, library/computer lab, playing surfaces, playground equipment, fencing and landscaping, the repair of classroom interiors, roofs and heating, ventilation and air conditioning systems and improvements to other systems and facilities to ensure student health and safety and to pay costs of Bond issuance. Furthermore, we verified that funds expended from the 2004 Election 2005 & 2006 Series Bond Measure were not used for salaries of school administrators or other operating expenses of the District;
- Reviewed compliance with requirements for membership and meeting procedures.

### **CONCLUSION**

Based upon our procedures performed, we found that for the items tested, the Maricopa Unified School District has properly accounted for the expenditures of the funds held in the Bond Building Fund and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Bond Building Fund, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

The District was not in compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution. The Bond Oversight Committee did not meet in the 2015-16 school year.

MARICOPA UNIFIED SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
2004 ELECTION 2005 & 2006 SERIES BOND MEASURE  
PERFORMANCE AUDIT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**FINDING 2016 – 01 – CITIZENS’ BOND OVERSIGHT COMMITTEE**

Criteria or Specific Requirement

A Citizens’ Bond Oversight Committee is to be established within 60 days after the date the School District’s Board enters the results of the bond election on its Board minutes and continue until the conclusion of the bond projects. The Committee will consist of at least seven members and meet at least annually. The Committee will review expenditures for proper use of taxpayers’ money and to ensure the District is in compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution. The Committee will issue an Annual Report to the public.

Condition

The Citizens’ Bond Oversight Committee did not meet for the 2015-16 school year.

Effect

The School District and the Committee are not in compliance with Proposition 39 requirements.

Cause

The Maricopa Unified School District has a small population to pull seven Committee members with the required elements of membership for construction lasting more than four years. The majority of the construction projects were completed before the 2015-16 school year.

Questioned Costs

None

Recommendation

A Citizens’ Bond Oversight Committee should review bond construction expenses.

District’s Response

The Citizens’ Bond Oversight Committee did not meet again in 2015-16 due to a lack of members. Because of the length of time served by the previous members, it was necessary to seek new members. The District has had great difficulty in finding members with the individual requirements needed. As a small rural District, this often happens not only with the Bond Oversight but several school committees. We are still working diligently to fill the open positions.

MARICOPA UNIFIED SCHOOL DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
2004 ELECTION 2005 & 2006 SERIES BOND MEASURE  
PERFORMANCE AUDIT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**FINDING 2015 – 01 – CITIZENS’ BOND OVERSIGHT COMMITTEE**

Criteria or Specific Requirement

A Citizens’ Bond Oversight Committee is to be established within 60 days after the date the School District’s Board enters the results of the bond election on its Board minutes and continue until the conclusion of the bond projects. The Committee will consist of at least seven members and meet at least annually. The Committee will review expenditures for proper use of taxpayers’ money and to ensure the District is in compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution. The Committee will issue an Annual Report to the public.

Condition

The Citizens’ Bond Oversight Committee did not meet for the 2014-15 school year.

Effect

The School District and the Committee are not in compliance with Proposition 39 requirements.

Cause

The Maricopa Unified School District has a small population to pull seven Committee members with the required elements of membership for construction lasting more than four years. The majority of the construction projects were completed before the 2014-15 school year.

Questioned Costs

None

Recommendation

A Citizens’ Bond Oversight Committee should review bond construction expenses.

District’s Response

The Citizens’ Bond Oversight Committee did not meet in 2014-15 due to a lack of members. Because of the length of time served by the previous members, it was necessary to seek new members. The District has had great difficulty in finding members with the individual requirements needed. As a small rural District, this often happens not only with the Bond Oversight but several school committees. We are diligently working to fill the open positions.

**STATUS – NOT IMPLEMENTED – SEE CURRENT YEAR FINDING 2016-01**