

**WEST CONTRA COSTA  
UNIFIED SCHOOL DISTRICT**

**GENERAL OBLIGATION BONDS  
MEASURE D (2010) AND MEASURE E (2012)**

**PERFORMANCE AUDIT**

**JUNE 30, 2016**

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
MEASURE D (2010) AND MEASURE E (2012)**

**PERFORMANCE AUDIT  
TABLE OF CONTENTS  
JUNE 30, June 30, 2016**

---

Organization Structure	1
Executive Summary	2
Independent Auditors' Report on Performance	3
Authority for Issuance	4
Purpose of Issuance	4
Authority for the Audit	5
Objectives of the Audit	6
Scope of the Audit	6
Procedures Performed	6
Conclusion	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Year Audit Findings	8

# **West Contra Costa Unified School District**

## **BOARD OF EDUCATION**

**June 30, 2016**

<b>Elizabeth Block</b>	<b>President</b>
<b>Valerie Cuevas</b>	<b>Clerk</b>
<b>Madeline Kronenberg</b>	<b>Member</b>
<b>Tom Panas</b>	<b>Member</b>
<b>Mister Philips</b>	<b>Member</b>

## **INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE**

**Charles Cowens, Chairperson**

## **DISTRICT ADMINISTRATORS**

**Matthew Duffy, Superintendent of Schools**

**Sheri Gamba, Associate Superintendent of Business Services**

**Lisa LeBlanc, Associate Superintendent of Operations**

# **WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**

## **PERFORMANCE AUDIT GENERAL OBLIGATION BONDS MEASURE D (2010) AND MEASURE E (2012) FOR JULY 1, 2015 THROUGH JUNE 30, 2016**

---

### **EXECUTIVE SUMMARY**

On June 8, 2010, the District submitted for voter approval Measure D to authorize the sale of \$380 million in bonds to improve school facilities. Measure D was approved by 62 percent of the vote. Because the bond measure was placed on the ballot in accordance with Proposition 39, it required 55 percent of the vote for passage.

On November 6, 2012, the District submitted for voter approval Measure E to authorize the sale of \$360 million in bonds to improve school facilities. Measure E was approved by 63 percent of the vote. Because the bond measure was placed on the ballot in accordance with Proposition 39, it required 55 percent of the vote for passage.

These bond measures were passed pursuant to Proposition 39, therefore, the District was required to establish a citizens' bond oversight committee and conduct two independent audits. The first audit is a bond financial audit. The second audit is a bond performance audit, which determines the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

The District intends to have the financial and performance audits completed annually until all bond funds have been expended. The financial and performance audits are designed to meet the requirements of Article XIII of the California State Constitution; inform the community of the appropriate use of funds generated through the sale of bonds.

The Bond financial audit is performed by another firm. Please refer to their report for additional information about the Bond Program.

The Bond Performance Report focuses on the objectives of determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.



## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and  
Citizens' Bond Oversight Committee  
West Contra Costa Unified School District  
Richmond, California

We were engaged to conduct a performance audit of the West Contra Costa Unified School District (the District) Bond Fund (Measure D (2010) and Measure E (2012)) for the year ended June 30, 2016.

We conducted this performance audit in accordance with the 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 conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure D (2010) and Measure E (2012) funds for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co., LLP*

Pleasanton, California  
February 15, 2017

# WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

## PERFORMANCE AUDIT GENERAL OBLIGATION BONDS MEASURE D (2010) AND MEASURE E (2012) FOR JULY 1, 2015 THROUGH JUNE 30, 2016

---

### *AUTHORITY FOR ISSUANCE*

The general obligation bonds associated with 2010 Measure D were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on March 3, 2010.

The District received authorization from an election held on June 8, 2010, to issue bonds of the District in an aggregate principal amount not to exceed \$380,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2010 Authorization). The bonds represent the first, second, and third series of the authorized bonds to be issued under the 2010 Authorization.

The general obligation bonds associated with 2012 Measure E were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by Board of Education of the District on August 1, 2012.

The District received authorization from an election held on November 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed \$360,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2012 Authorization). The bonds represent the first and second series of the authorized bonds to be issued under the 2012 Authorization.

### *PURPOSE OF ISSUANCE*

#### Measure D (2010)

The complete ballot language contained in Measure D is as follows: To make schools safe, complete essential health/safety repairs, qualify for State matching grants, shall West Contra Costa Unified School District upgrade schools for earthquake safety/handicap accessibility, remove asbestos, upgrade restrooms, vocational classrooms/technology/energy systems to reduce costs, install lighting and security systems, acquire repair, construct, equipment/sites/facilities, by issuing \$380,000,000 in bonds within legal rates and bonding capacity limits with independent audits, citizen oversight, and no money for administrators' salaries?

The Measure D (2010) ballot language focused on the continued repair, modernization, and reconstruction of District school facilities in the following broad categories:

#### PRIORITY SCHOOL PROJECT LIST

- School Renovation, repair and upgrade projects
- School health, safety and security, earthquake safety and energy efficiency school projects
- District-wide wiring and instructional technology for effective learning environment and job training projects

# WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

## PERFORMANCE AUDIT GENERAL OBLIGATION BONDS MEASURE D (2010) AND MEASURE E (2012) FOR JULY 1, 2015 THROUGH JUNE 30, 2016

---

- New construction education enhancement/class size reduction projects at school sites Measure E (2012).

The complete ballot language contained in Measure E is as follows: To make schools safe, complete essential health/safety repairs, qualify for State matching grants, shall West Contra Costa Unified School District upgrade schools for earthquake safety and handicap accessibility, remove asbestos, upgrade science labs, restrooms, vocational classrooms, technology and energy systems to reduce costs, install lighting and security systems, and acquire, repair, construct, equipment, sites and facilities, by issuing \$360,000,000 in bonds within legal rates and bonding capacity limits with independent audits, citizen oversight, and no money for administrators' salaries?

### PRIORITY SCHOOL PROJECT LIST

- School Renovation, repair and upgrade projects
- School health, safety and security, earthquake safety and energy efficiency school projects
- District-wide wiring and instructional technology for effective learning environment and job training projects

### ***AUTHORITY FOR THE AUDIT***

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, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen's oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

# WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

## PERFORMANCE AUDIT GENERAL OBLIGATION BONDS MEASURE D (2010) AND MEASURE E (2012) FOR JULY 1, 2015 THROUGH JUNE 30, 2016

---

### *OBJECTIVES OF THE AUDIT*

1. Determine whether expenditures charged to the Bond Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure D (2010) and Measure E (2012).
2. Determine whether salary transactions, charged to the Bond Fund were in support of Measure D (2010) and Measure E (2012) and not for District general administration or operations.

### *SCOPE OF THE AUDIT*

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of 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 proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016, 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 period July 1 2015 through June 30, 2016, for the Bond Fund (2010 Measure D and 2012 Measure E). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and 2010 Measure D and 2012 Measure E as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included 130 transactions for 2010 Measure D and 2012 Measure E totaling \$54,681,964. This represents approximately 66 percent of the total expenditures of \$83,403,547.
3. We verified that funds from the Measure D (2010) and Measure E (2012) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

### *CONCLUSION*

The results of our tests indicated that, in all significant respects, the West Contra Costa Unified School District has properly accounted for the expenditures held in the Measure D (2010) and Measure E (2012) and that such expenditures were made for authorized Bond projects.



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**

**PERFORMANCE AUDIT  
GENERAL OBLIGATION BONDS  
MEASURE D (2010) AND MEASURE E (2012)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

---

None reported.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**

**PERFORMANCE AUDIT  
GENERAL OBLIGATION BONDS  
MEASURE D (2010) AND MEASURE E (2012)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

---

None reported.