
BELMONT-REDWOOD SHORES SCHOOL DISTRICT
COUNTY OF SAN MATEO
BELMONT, CALIFORNIA
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM PERFORMANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 2009

 **Patel &**
Associates
Certified Public Accountant

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT
JUNE 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Belmont-Redwood Shores School District
Belmont, California

We have examined Belmont-Redwood Shores School District's compliance with the performance requirements for the Proposition 39/Measure C General Obligation Bonds for the fiscal year ended June 30, 2009, 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 Belmont-Redwood Shores School District's compliance with those requirements. Our responsibility is to express an opinion on Belmont-Redwood Shores School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Belmont-Redwood Shores School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Belmont-Redwood Shores School District's compliance with specified requirements.

In our opinion, Belmont-Redwood Shores School District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2009.

This report is intended solely for the information and use of the Board of Trustees, the Measure C Citizens' Oversight Committee and the District's management and is not intended to be and should not be used by anyone other than these specified parties.

Patel & Associates

Oakland, California
January 5, 2010

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM**

PERFORMANCE AUDIT

JUNE 30, 2009

PERFORMANCE AUDIT

Performance audit is an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program or activity in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action. The performance audit evaluates the use of General Obligation Series A bonds for **compliance** with the Measure requirements.

Article XIII A of the California Constitution requires school districts that have passed general obligation bonds under the provision of Proposition 39 to conduct an annual performance audit to ensure that the funds have been expended only on the specific projects approved by the voters and specified by the Board of Education.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Belmont Redwood-Shores School District's Bond Projects Fund established for the bonds and the net bond proceeds into the Bond Projects Fund.
- Determine whether expenditures charged to the Bond Projects Fund have been made in accordance with the bond project list approved by the voters through the approval of the Measure C in November 2005.
- Note any incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District's Board of Trustees and the Citizens' Oversight Committee with a performance audit as required under the provisions of the California Constitution and Proposition 39.
- Ensure that, as prohibited by Section 1(b)(3)(A) of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or any other school operating expenditures.

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT
JUNE 30, 2009**

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2008 to June 30, 2009. 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.

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. On November 8, 2005, a general obligation bond proposition (Measure C) of Belmont-Redwood Shores School District was approved by the voters of the District. The voters authorized the District to issue up to \$25,000,000 of General Obligation Series A Bonds to finance the acquisition of land and construction of new elementary school and to pay the cost of issuance associated with the bonds. The Bonds are being issued by the County on behalf of the District under and pursuant to the provisions of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California, and other applicable laws, and all laws amendatory thereof or supplemental thereto insofar as they govern, and pursuant to the provisions of the District Resolution and the County Resolution.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

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

BELMONT-REDWOOD SHORES SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT
JUNE 30, 2009

PROCEDURES PERFORMED

Methodology and Procedures:

We performed the following agreed upon procedures in the course of completing the performance audit:

1. We reviewed the Measure C ballot language and specific project list in order to understand and evaluate the use of General Obligation Series A bonds for compliance with Proposition 39 and Measure C requirements.
2. We reviewed the Bond Projects Fund accounting records, contracts, purchase orders, invoices, payment records and other supporting documentation of current expenditures as needed to determine if funds were being used for bond program purposes. We selected at least 80% of total expenditures for the period of July 1, 2008 to June 30, 2009 using a combination of random and risk-based targeted testing sampling technique, and compared these expenditures to the specific bond projects listed and authorized in the ballot text.
3. We verified that no funds are used for any teacher or administrative salaries or any other school operating expenditures as prohibited by Section 1(b)(3)(A) of Article XIII A of the California Constitution.

Expenditures Audited:

We selected a sample of 20 payments from the time period of July 1, 2008 through June 30, 2009. The total dollar amount sampled was \$10,042,580 out of the total Measure C expenditures of \$10,643,617. Our sample resulted in 94% sample coverage of the entire fiscal year 2009 expenditures population. As of June 30, 2009, the District has spent a cumulative \$ 11,966,739 of Measure C funds.

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM**

PERFORMANCE AUDIT

JUNE 30, 2009

CONCLUSION

Based upon our procedures performed, we found that for the items tested, Belmont-Redwood Shores School District has properly accounted for the expenditures of the funds held in the Bond Projects Fund and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Bond Projects Fund and expended by the District were not used for any teacher or administrative salaries or any other school operating expenditures.

BELMONT-REDWOOD SHORES SCHOOL DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2009

There were no findings and recommendations for fiscal year ended June 30, 2009.

BELMONT-REDWOOD SHORES SCHOOL DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT**

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009**

There were no findings and questioned costs in prior year.