

**OROVILLE UNION HIGH SCHOOL DISTRICT
PROPOSITION 39 AND MEASURE G
GENERAL OBLIGATION BONDS**

Oroville, California

PERFORMANCE AUDIT

June 30, 2009

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***Oroville Union High School District
Proposition 39 and Measure G
General Obligation Bonds***

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matson and isom

Founded in 1962 by
Robert M. Matson
and W. Howard Isom

Chico

3013 Ceres Avenue
P.O. Box 1638
Chico, CA 95927-1638
Phone (530) 891-6474
Fax (530) 893-6689

Redding

292 Hemsted Drive, Suite 100
P.O. Box 991891
Redding, CA 96099-1891
Phone (530) 244-4980
Fax (530) 244-4983

Colusa

108 Seventh Street
Colusa, CA 95932
Phone (530) 458-8236
Fax (530) 458-2938

www.matson-isom.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oroville Union High School District
Oroville, California

We have examined the Oroville Union High School District's (the District) compliance with the performance requirements for the Proposition 39 and Measure G General Obligation Bonds for the fiscal year ended June 30, 2009. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included examining, on a test basis, evidence about the 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 the District's compliance with specific requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

Matson and Isom

October 14, 2009

PERFORMANCE AUDIT

June 30, 2009

Oroville Union High School District Proposition 39 and Measure G General Obligation Bonds

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the voter approved Proposition 39 and Measure G General Obligation Bonds (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2009, charged to the building fund have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; and provide recommendations for improvements.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2009. The expenditures included all object and project codes associated with the Bond's projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2009, were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 4, 2008, \$12,000,000 in general obligation bonds were authorized by an election held within the District. A citizens oversight committee was appointed on February 18, 2009, to comply with the California Constitution and the California Education Code. The purpose of the committee is to inform the public, at least annually, regarding the appropriate use of the Bond proceeds. On March 10, 2009, bonds in the amount of \$11,999,964 were issued at a premium of \$505,080. The total proceeds from the bond issuance were received by the District and are to be used to remodel and upgrade the Harrison Stadium Sports Complex. The District paid issuance costs totaling \$336,921 from the proceeds. California Constitution, Article 13A, Section 1(b)(3) requires an annual performance audit be conducted to ensure that funds have been expended only on the specific projects publicized by the District.

PERFORMANCE AUDIT

June 30, 2009

Oroville Union High School District Proposition 39 and Measure G General Obligation Bonds

PROCEDURES PERFORMED

We obtained the building fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2009. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with Proposition 39 and Measure G General Obligation Bond funding. We performed the following procedures:

- We reviewed the District's bond project publicized list of intended projects.
- We selected a sample of expenditures in the fiscal year ended June 30, 2009, and reviewed supporting documentation to ensure that funds were properly expended on the specific projects as outlined in the publicized list and that they met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We verified that funds were expended only for the purposes for which the bonds were issued, as specified in the official statement of bond indenture submitted by the District to the County Auditor.
- We verified that funding was not used for salaries of school administrators or other operating expenses of the District.

PERFORMANCE AUDIT

June 30, 2009

Oroville Union High School District

Proposition 39 and Measure G

General Obligation Bonds

RESULTS OF PROCEDURES

The District utilized Bond funds for two projects. The District incurred total expenditures of \$1,150,738 through June 30, 2009, for the following projects:

	Budget	Prior Expenditures	June 30, 2009 Expenditures	Total Expenditures	Status
Harrison Stadium Sports Complex	\$ 11,999,964	\$ -	\$ 813,817	\$ 813,817	In progress
Bond issuance costs	336,921	-	336,921	336,921	Completed
Total	\$ 12,336,885	\$ -	\$ 1,150,738	\$ 1,150,738	

Each of the projects has been given a specific project identification number within the District’s building fund. Budgets for each project are included in the financial reporting system and actual expenditures are matched against this budget.

CONCLUSION

Based upon the procedures performed, we found that for the items tested, the District has properly accounted for the expenditures of the Proposition 39 and Measure G General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District’s compliance with specific requirements.

MANAGEMENT COMMENTS AND RECOMMENDATIONS

None.