

**MEASURE CF BOND BUILDING FUND OF
ACTON-AGUA DULCE UNIFIED SCHOOL
DISTRICT**

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2017**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**MEASURE CF BOND BUILDING FUND
ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
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June 30, 2017**

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**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
 MEASURE CF BOND BUILDING FUND
 Introduction and Citizens' Bond Oversight Committee Member Listing
 June 30, 2017**

The Acton-Agua Dulce Unified School District (the "District") was established in 1881 and consists of encompassing the City of Acton and Agua-Dulce, as well as some unincorporated areas of Los Angeles County. The District operates one comprehensive high school, one middle school, and one elementary school.

In an election held on November 4, 2008, the voters authorized the District to issue and sell not more than \$13,000,000 principal amount of general obligation bonds. These bonds were issued as the 2008 Measure CF bonds and were issued for the financing the addition and modernization of school facilities.

The first series of bonds, Election of 2008, Series A, was issued on April 1, 2009 for \$10,710,720 with interest rates ranging from 2.50% to 6.90%. The principal balance outstanding at June 30, 2017 amounted to \$4,718,146, including accreted interest.

Election of 2008, Series 2009, was issued on April 1, 2009 for \$2,288,947 with interest rates ranging from 6.90% to 6.97%. The principal balance outstanding at June 30, 2017 amounted to \$4,025,758, including accreted interest.

The 2016 Refunding Bonds were issued on July 19, 2016 for \$7,230,000 with a stated interest rate of 1.72%. The bonds were issued to early refund a portion of the outstanding Election of 2008, Series A bonds. The principal balance outstanding at June 30, 2017 amounted to \$7,230,000.

The Citizens' Bond Oversight Committee had the following members as of June 30, 2017, all of whom were appointed by the District's Board of Education with two year terms of office:

Name	Representation
Dr. T. Scott Griffin	Active in a Senior Citizens' Organization
Douglas Morton	Community -at- Large
Michael Hughes	Active Member of a Business Organization
Bob Milewsky	Community -at- Large
Lillian Smith	Active in a Bona Fide Tax Payers' Organization
Kimberly Clemens	Parent of Child Enrolled in District and Active Member of PTA
Wendy Loon	Parent of Child Enrolled in District
Michael Orefice	Parent of Child Enrolled in District and Active Member of PTA

INDEPENDENT AUDITORS' REPORT

Measure CF Citizens' Bond Oversight Committee and
Governing Board Members of the
Acton-Agua Dulce Unified School District
Acton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure CF Bond Building Fund of Acton-Agua Dulce Unified School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure CF Bond Building Fund of Acton-Agua Dulce Unified School District, as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the Measure CF Bond Building Fund and do not purport to, and do not present fairly the financial position of the Acton-Agua Dulce Unified School District, as of June 30, 2017, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters specific to the Measure CF Bond Building Fund. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report of Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated March 7, 2018, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure CF Bond Building Fund. That report is an integral part of our audit of the Measure CF Bond Building Fund of Acton-Agua Dulce Unified School District, as of and for the year ended June 30, 2017, and should be considered in assessing the results of our financial audit.

Christy White Associates

San Diego, California
March 7, 2018

FINANCIAL SECTION

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Balance Sheet
June 30, 2017

ASSETS	
Accounts receivable	\$ 214
Total Assets	\$ 214
LIABILITIES AND FUND BALANCE	
Liabilities	
Deficit cash	\$ 189
Total Liabilities	189
Fund Balance	
Restricted for capital projects	25
Total Fund Balance	25
Total Liabilities and Fund Balance	\$ 214

The accompanying notes to financial statements are an integral part of this statement.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2017**

REVENUES	
Interest income	\$ 1,875
Total Revenues	<u>1,875</u>
EXPENDITURES	
Facilities acquisition and maintenance	<u>472,597</u>
Total Expenditures	<u>472,597</u>
Net Change in Fund Balance	(470,722)
Fund Balance, July 1, 2016	<u>470,747</u>
Fund Balance, June 30, 2017	<u>\$ 25</u>

The accompanying notes to financial statements are an integral part of this statement.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Acton-Agua Dulce Unified School District (the District) was established in 1881, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the state and/or federal agencies. The District operates one elementary school, one middle school, and one comprehensive high school.

In an election held on November 2008, the voters authorized the District to issue and sell not more than \$13,000,000 principal amount of general obligation bonds. These bonds were issued as the 2008 Measure CF bonds and were issued for the financing the addition and modernization of school facilities.

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Bond Oversight Committee (CBOC), was established pursuant to the requirements of state law and the provisions of the Measure CF bond. The CBOC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The CBOC provides oversight and advises the public whether the District is spending the Measure CF Bond funds for school capital improvements within the scope of projects outlined in the Measure CF Bond project list. In fulfilling its duties, the CBOC reviews, among other things, the District's annual performance and financial audits of Measure CF activity.

The statements presented are for the individual Measure CF Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2008, Series A and Series 2009 general obligation bonds as issued by the District, through the County of Los Angeles, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Notes to Financial Statements, continued
June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Available" means the resources will be collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Los Angeles County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Notes to Financial Statements, continued
June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure CF is considered restricted.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2017, in the amount of \$214, represents interest earnings due from the Los Angeles County Investment Pool for the quarter ended June 30, 2017.

NOTE 3 – GENERAL OBLIGATION BONDS

In the November 2008 election, the citizens of the District approved the issuance and sale of not more than \$13,000,000 of general obligation bonds to finance the addition and modernization of school facilities. Under such voters' authorization, there have been two bond issuances (Series A and Series 2009) and a refunding bond issuance with terms summarized as follows:

Series	Date of Issue	Interest Rate %	Maturity Date	Amount	Outstanding July 1, 2016	Issuance/ Accretion	Deletions	Outstanding June 30, 2017
				of Original Issue				
Election 2008, Series A	April 1, 2009	2.50% - 6.90%	August 1, 2033	\$ 10,710,720	\$ 11,118,288	\$ 244,858	\$ 6,645,000	\$ 4,718,146
Election 2008, Series 2009	April 1, 2009	6.90% - 6.97%	May 1, 2039	2,288,947	3,750,669	275,089	-	4,025,758
2016 Refunding	July 19, 2016	1.72%	August 1, 2027	7,230,000	-	7,230,000	-	7,230,000
					<u>\$ 14,868,957</u>	<u>\$ 7,749,947</u>	<u>\$ 6,645,000</u>	<u>\$ 15,973,904</u>

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Notes to Financial Statements, continued
June 30, 2017

NOTE 3 – GENERAL OBLIGATION BONDS (continued)

Election of 2008

On November 4 2008, an election was held at which 55.76% of the voters in the District approved Measure “CF”, which authorized the issuance and sale of \$13 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of interest, and principal of the bonds. The bonds were issued for the purpose of financing the addition and modernization of school facilities.

Series A

On April 1, 2009, the District issued Series A General Obligation Refunding Revenue Bonds in the amount of \$10,710,720. The issue carried stated interest rates ranging from 2.50% to 6.90% and fully maturing on August 1, 2033. A portion of the outstanding principal balance was refunded with the proceeds of the 2016 Refunding Bonds. The principal balance outstanding at June 30, 2017 amounted to \$4,718,146.

Series 2009

On April 1, 2009, Series 2009 bonds were issued for \$2,288,947. The issue carried stated interest rates ranging from 6.90% to 6.97% and fully maturing on May 1, 2039. The principal balance outstanding at June 30, 2017 amounted to \$4,025,758.

2016 Refunding Bonds

On July 19, 2016, 2016 Refunding Bonds were issued for \$7,230,000. The issue carried a stated interest rate of 1.72% and fully maturing on August 1, 2027. The principal balance outstanding at June 30, 2017 amounted to \$7,230,000.

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2017, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 545,000	\$ 168,251	\$ 713,251
2019	600,000	149,170	749,170
2020	675,000	277,559	952,559
2021	715,000	109,607	824,607
2022	775,000	96,793	871,793
2023 - 2027	4,985,000	249,787	5,234,787
2028 - 2032	1,833,315	5,693,878	7,527,193
2033 - 2037	1,632,971	8,194,659	9,827,630
2038 - 2039	974,379	7,152,991	8,127,370
Accretion	3,238,239	(3,238,239)	-
Total	\$ 15,973,904	\$ 18,854,456	\$ 34,828,360

SUPPLEMENTARY INFORMATION

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Budgetary Comparison Schedule
June 30, 2017

	<u>Final Budget</u> <u>2016-17</u>	<u>Actuals</u> <u>2016-17</u>	<u>Variance</u>
Revenues and Other Financing Sources			
Interest revenue	\$ 10,000	\$ 1,875	\$ (8,125)
Total Revenues and Other Financing Sources	<u>10,000</u>	<u>1,875</u>	<u>(8,125)</u>
Expenditures and Other Financing Uses			
Books and supplies	98,112	4,084	94,028
Contracted services	169	8,364	(8,195)
Capital outlay	382,466	460,149	(77,683)
Total Expenditures and Other Financing Uses	<u>480,747</u>	<u>472,597</u>	<u>8,150</u>
Change in Fund Balance	(470,747)	(470,722)	25
Beginning Fund Balance	<u>470,747</u>	<u>470,747</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 25</u>

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Expenditures by Project
June 30, 2017**

The following is a summary of expenditures by Measure CF project for the June 30, 2017:

<u>Measure CF Project</u>	<u>2016-2017 Expenditures</u>
Vasquez High School Construction	\$ 472,597
Total Expenditures	<u>\$ 472,597</u>

**OTHER INDEPENDENT AUDITORS'
REPORTS**

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Measure CF Citizens' Bond Oversight Committee and
Governing Board Members of the
Acton-Agua Dulce Unified School District
Acton, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure CF Bond Building Fund of Acton-Agua Dulce Unified School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Acton-Agua Dulce Unified School District's basic financial statements of the Measure CF Bond Building Fund, and have issued our report thereon dated March 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Acton-Agua Dulce Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements of the Measure CF Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of Acton-Agua Dulce Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Acton-Agua Dulce Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Acton-Agua Dulce Unified School District's financial statements of the Measure CF Bond Building Fund are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
March 7, 2018

REPORT ON PERFORMANCE

Independent Auditors' Report

Measure CF Citizens' Bond Oversight Committee and
Governing Board Members of the
Acton-Agua Dulce Unified School District
Acton, California

Report on Performance

We have audited Acton-Agua Dulce Unified School District's compliance with the performance audit procedures described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on Acton-Agua Dulce Unified School District's Measure CF Bond Building Fund for the fiscal year ended June 30, 2017, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to local school construction bonds.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of Acton-Agua Dulce Unified School District's Measure CF Bond Building Fund based on our performance audit of the types of compliance requirements referred to above. We conducted our performance audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the local school construction bonds noted on the following page occurred. An audit includes examining, on a test basis, evidence about Acton-Agua Dulce Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our performance audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Acton-Agua Dulce Unified School District's compliance with those requirements.

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Opinion on Performance

In our opinion, Acton-Agua Dulce Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Measure CF Bond Building Fund noted below for the year ended June 30, 2017.

Procedures Performed

In connection with the performance audit referred to above, we selected and tested transactions and records to determine Acton-Agua Dulce Unified School District's compliance with the state laws and regulations applicable to the Financial Audit Procedures and Performance Audit Procedures over the Measure CF Bond Building Fund. Additional agreed upon procedures relating the Measure CF Bond Building Fund may also be included.

The results of the procedures performed, and the related results are further described in the accompanying performance audit results following this Report on Performance.

Christy White Associates

San Diego, California
March 7, 2018

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Audit Procedures and Results
For the Year Ended June 30, 2017**

SECTION I – FINANCIAL AUDIT PROCEDURES AND RESULTS

Financial Statements

As mentioned in the Report on Financial Statements, we have issued an unmodified opinion over the financial statements of the Measure CF Bond Building Fund as of and for the fiscal year ended June 30, 2017.

Internal Control Evaluation

We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted.

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS

Facility Project Expenditures

We selected a representative sample of expenditures charged to the Measure CF Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure CF ballot.

We tested approximately \$463 thousand of non-personnel expenditures or 98% of total 2016-17 Measure CF Bond Building Fund expenditures for validity, allowability and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure CF ballot language, the District approved facilities plan, and applicable state laws and regulations.

Personnel Expenditures

Based on review of expenditure information, we noted that there were no salaries or benefits charged to the Measure CF Bond Building Fund during the fiscal year ended June 30, 2017. Audit procedures over personnel expenditures was not applicable.

ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Audit Procedures and Results, continued
For the Year Ended June 30, 2017

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)

Facilities Site Walk

We verified that funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects by review of supporting documentation as previously noted under Facility Project Expenditures but also through performance of a facilities site walk.

A facilities site walk was performed at Vasquez High School. We toured the school site and physically observed the construction completed during the fiscal year ended June 30, 2017. Based on our site walk, the projects at Vasquez High School appear to be successfully advancing as expected and funds appear expended for authorized bond projects.

Contract and Bid Procedures

We reviewed a listing of contracts awarded during the fiscal year ended June 30, 2017 and selected a sample to ensure that contracts for public projects followed appropriate bidding procedures per applicable Public Contract Code. Additionally, we reviewed overall expenditures by vendor in order to determine if multiple projects under the applicable bidding threshold were identified to suggest any possible bid-splitting.

We noted that there was only one contract awarded during the year, applicable bidding procedures were followed, and the contract was appropriately awarded to the lowest responsible bidder for Phase 3A Demolition.

Based on our review of overall expenditures and projects by vendor, no instances or possible indications of bid-splitting were identified. The District appears to be properly reviewing projects and applying appropriate procedures over contract and bidding procedures.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
MEASURE CF BOND BUILDING FUND
Audit Procedures and Results, continued
For the Year Ended June 30, 2017**

SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)

Contracts and Change Orders

We reviewed a listing of contracts and change orders during the fiscal year ended June 30, 2017 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract. Additionally, change orders were reviewed to ensure that the total of each change order did not exceed ten percent of the total original contract.

We reviewed a change order for the Vasquez High School Phase 2 project and verified that the total of the change orders did not exceed ten percent of the total contract with JTS Construction. All change orders sampled were properly reviewed and approved by management and the governing board in accordance with District policy.

Citizens' Bond Oversight Committee (CBOC)

In accordance with Assembly Bill (AB) 1908 and Education Code (Ed Code) Section 15278, the District is required to establish a bond oversight committee for Proposition 39 bonds to include one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers' association, parent/guardian of a child enrolled in the District and a parent/guardian of a child enrolled in the District who is also a member of a parent teacher association. Additionally, no employee or official of the District shall be appointed to the citizens' bond oversight committee.

We found that the District successfully compiled a CBOC with an active member from each of the required representations. No members of the CBOC are also an employee, official, vendor or consultant of the District. Refer to the Introduction and CBOC Member Listing for a listing of current members as of June 30, 2017.

**ACTON-AGUA DULCE UNIFIED SCHOOL DISTRICT
 MEASURE CF BOND BUILDING FUND
 Schedule of Findings and Recommendations
 For the Year Ended June 30, 2017**

PART I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS	<u>Unmodified</u>
Type of auditors’ report issued	
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to the financial statements?	<u>No</u>
 PERFORMANCE AUDIT	
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor’s report issued on performance for local school construction bonds:	<u>Unmodified</u>

PART II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements in 2016-17.

PART III – PERFORMANCE AUDIT FINDINGS

There were no findings or recommendations related to local school construction bonds in 2016-17.

PART IV – PRIOR AUDIT FINDINGS

There were no findings and recommendations during the year ended June 30, 2016.