

**SAN RAMON VALLEY UNIFIED  
SCHOOL DISTRICT**

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**GENERAL OBLIGATION BONDS  
MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

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**JUNE 30, 2013**



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

Certified Public Accountants

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT**

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**BUILDING FUND  
GENERAL OBLIGATION BONDS  
MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)  
FINANCIAL REPORT**

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**JUNE 30, 2013**

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS,  
ELECTION OF 2012 (SERIES 2013)**

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JUNE 30, 2013**

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& COMPANY, LLP  
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## INDEPENDENT AUDITORS' REPORT

Governing Board and  
Facilities Oversight and Advisory Committee  
San Ramon Valley Unified School District  
Danville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the San Ramon Valley Unified School District's (the District), Building Fund (General Obligation Bonds Measure D Resource, Election of 2012), and the related notes to the financial statements, as of and for the year ended June 30, 2013, 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 statement 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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statements, whether due to error or fraud. 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (General Obligation Bonds Measure D Resource, Election of 2012) of the San Ramon Valley Unified School District at June 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Building Fund specific to General Obligation Bonds Measure D Resource, Election of 2012, and are not intended to present fairly the financial position and changes in financial position of San Ramon Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014, on our consideration of the District Building Fund's (General Obligation Bonds Measure D Resource, Election of 2012) 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. The purpose of that report is 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 the 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 Building Fund's (General Obligation Bonds Measure D Resource, Election of 2012) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Pleasanton, California  
February 13, 2014

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**BALANCE SHEET  
JUNE 30, 2013**

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**ASSETS**

Cash and investments	\$ 74,489,490
Due from other funds	122,740
<b>Total Assets</b>	<b>\$ 74,612,230</b>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 457,530
Due to other funds	423,611
<b>Total Liabilities</b>	<b>881,141</b>

**Fund Balance:**

Restricted for capital projects funds	73,731,089
<b>Total Fund Balance</b>	<b>73,731,089</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 74,612,230</b>

The accompanying notes are an integral part of these financial statements.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>REVENUES</b>		
Interest income		\$ 85,831
<b>Total Revenues</b>		<u>85,831</u>
<b>EXPENDITURES</b>		
Current		
Materials and supplies		191,634
Noncapitalized equipment		113,102
Services and other operating expenditures		595,387
Capital outlay		
Land		16,915
Building and improvements to buildings		333,337
Equipment		99,367
<b>Total Expenditures</b>		<u>1,349,742</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES</b>		<u>(1,263,911)</u>
<b>Other Financing Sources/(uses):</b>		
Other sources - proceeds from bond issuance		74,995,000
Other sources - bond premiums		1,126,085
Other uses - bond issuance costs		(395,796)
Transfers out		(730,289)
<b>Net Financing Sources/(Uses)</b>		<u>74,995,000</u>
<b>NET CHANGE IN FUND BALANCE</b>		73,731,089
<b>FUND BALANCE - BEGINNING</b>		-
<b>FUND BALANCE - ENDING</b>		<u>\$ 73,731,089</u>

The accompanying notes are an integral part of these financial statements.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the San Ramon Valley Unified School District's Building Fund (General Obligation Bonds Measure D Resource, Election of 2012) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The San Ramon Valley Unified School's District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**Financial Reporting Entity**

The financial statements include only Building Fund of the San Ramon Valley Unified School District used to account for General Obligation Bonds Measure D Resource, Election of 2012 projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Measure D Resource, Election 2012. These financial statements are not intended to present fairly the financial position and results of operations of the San Ramon Valley Unified School District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

The Building Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**Revenues – Non-Exchange Transactions**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include interests. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.



**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**Budgets and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on general long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures.

**Investments**

Investments held at June 30, 2013, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the County are determined by the program sponsors.

**Spending Order Policy**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

**Encumbrances**

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
 BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
 ELECTION OF 2012 (SERIES 2013)**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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**Fund Balance Reserves – Governmental Funds**

As of June 30, 2013, fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The General Obligations Bonds Measure D Resource Fund currently does not have any nonspendable funds.

**Restricted** – amounts that can be spend only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposed determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other actions as approved by the governing board. The General Obligations Bonds Measure D Resource Fund currently does not have any Committed funds.

**Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposed. Under the District’s practice, on the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes. The General Obligations Bonds Measure D Resource Fund currently does not have any assigned funds.

**Unassigned** – all other spendable amounts. The General Obligations Bonds Measure D Resource Fund currently does not have any unassigned funds.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**NOTE 2 – CASH AND INVESTMENTS**

Investments at June 30, 2013, held on behalf of the San Ramon Valley Unified School District's General Obligations Bonds Measure D Resource consist of the following:

Cash with fiscal agent	\$	3,892
County pool		74,485,598
Total cash and investments	\$	<u>74,489,490</u>

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
 BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
 ELECTION OF 2012 (SERIES 2013)**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by substantially investing all of its funds in the State and County Treasurer pools, and having the Pools purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The weighted average maturity in the County Pool is 181 days.

Investment Type	Fair Value	Weighted Average Maturity
County treasury investment pool	\$ 74,403,664	181

**NOTE 3 – INTERFUND TRANSACTIONS**

**Interfund Receivables (Due from) and Payables (Due To)**

The amount of interfund receivable of the General Obligations Bonds Measure D Resource from other funds at June 30, 2013 is \$122,740. Subsequent to June 30, 2013, the District's other funds transferred this amount to the General Obligations Bonds Measure D Resource to reimburse for these items.

The amount of interfund payable of the General Obligations Bonds Measure D Resource to other funds at June 30, 2013 is \$423,611. Subsequent to June 30, 2013, the General Obligations Bonds Measure D Resource transferred this amount to other funds to reimburse for these items.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
 BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
 ELECTION OF 2012 (SERIES 2013)**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2013, consists of the following:

Vendor payables	<u>\$ 457,530</u>
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**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

As of June 30, 2013, the General Obligations Bonds Measure D Resource, had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
San Ramon Valley High bleacher replacement	<u>1,249,880</u>	June 2014

**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the General Obligations Bonds Measure D Resource at June 30, 2013.

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*SUPPLEMENTARY INFORMATION*

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**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**SCHEDULE OF LONG-TERM OBLIGATIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

General obligation bond has been issued and is outstanding as follow:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Deletions/ Redeemed	Bonds	
				Outstanding July 1, 2012	Issued		Outstanding June 30, 2013	
2/14/2013	2037	2-4%	\$ 74,995,000	\$ -	\$ 74,995,000	\$ -	\$ 74,995,000	
		Premiums net of amortization		-	1,126,082	11,609	1,114,473	
		Total		-	76,121,082	11,609	76,109,473	

In February 2013, San Ramon Valley Unified School District issued \$74,995,000 Election of 2012, Series 2013 in General Obligation Bonds. The bonds were issued with interest rates ranging from 2% to 4%.

The bond proceeds will be used to finance the improvement of local elementary, middle and high school classrooms, labs and learning facilities by adding classrooms to prevent school overcrowding; upgrading fire, security and earthquake safety; updating science labs, and instructional technology infrastructure for 21<sup>st</sup>-century learning; improving energy efficiency; and renovating, constructing and equipping schools, facilities and classrooms.

Principal and interest payments of these issues are payable from ad valorem property taxes collected by the County of Contra Costa. These amounts were deposited into the bond interest and redemption fund of San Ramon Valley Unified School District, which then makes the bond interest and principal payments.

Debt Service Requirements

The general obligation bonds mature through 2038 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ -	\$ 2,337,344	\$ 2,337,344
2015	2,095,000	2,625,100	4,720,100
2016	1,895,000	2,585,200	4,480,200
2017	-	2,566,250	2,566,250
2018	-	2,566,250	2,566,250
2019-2023	-	12,831,250	12,831,250
2024-2028	4,040,000	12,750,450	16,790,450
2029-2033	26,725,000	9,945,813	36,670,813
2034-2038	40,240,000	4,257,738	44,497,738
Total	\$ 74,995,000	\$ 52,465,395	\$ 127,460,395

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED  
GENERAL OBLIGATION BOND FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

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There were no adjustments to the Unaudited Actual General Obligation Bond Fund, which required reconciliation to the audited financial statements at June 30, 2013.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)**

**NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

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***NOTE 1 – PURPOSE OF SCHEDULES***

**Schedule of Long-Term Obligations**

This schedule provides a debt repayment schedule associated with the bond proceeds received through issuance of Building Fund (Election of 2012, Series 2013, General Obligations Bonds Measure D Resource) obligations.

**Reconciliation of Annual Financial Report With Audited Financial Statements**

This schedule provided the information necessary to reconcile the fund balance of the Building Fund (General Obligations Bonds Measure D Resource, Election of 2012) reported on the Unaudited Actual Financial Report to the audited financial statements.



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*INDEPENDENT AUDITORS' REPORT*

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& COMPANY, LLP  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' 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**

Governing Board and  
Facilities Oversight and Advisory Committee  
San Ramon Valley Unified School District  
Danville, 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 accompanying financial statements of the San Ramon Valley Unified School District (the District) Building Fund (General Obligations Bonds Measure D Resource, Election of 2012), and the related notes of the financial statements as of and for the year ended June 30, 2013, and have issued our report thereon dated February 13, 2013.

As discussed in Note 1, the financial statements present only the Building Fund specific to General Obligation Bonds Measure D Resource, Election of 2012 and are not intended to present fairly the financial position and changes in financial position of San Ramon Valley Unified School District in conformity with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered San Ramon Valley Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Ramon Valley Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be, significant deficiencies or material weaknesses. 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 San Ramon Valley Unified School District's General Obligation Bonds Measure D Resource financial statements 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.

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

Pleasanton, California  
February 13, 2014

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*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

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**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS,  
ELECTION OF 2012 (SERIES 2013)**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2013**

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None reported.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT**

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**GENERAL OBLIGATION BONDS  
MEASURE D RESOURCE  
ELECTION OF 2012 (SERIES 2013)  
PERFORMANCE AUDIT**

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**JUNE 30, 2013**

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS,  
ELECTION OF 2012 (SERIES 2013)**

**PERFORMANCE AUDIT  
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JUNE 30, 2013**

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## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and  
Facilities Oversight and Advisory Committee  
San Ramon Valley Unified School District  
Danville, California

We were engaged to conduct a performance audit of the San Ramon Valley Unified School District (the District), General Obligation Bonds Measure D Resource, Election of 2012 (Series 2013) funds for the year ended June 30, 2013.

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. 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 General Obligation Bonds Measure D Resource, Election of 2012 (Series 2013) funds only 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 13, 2014



**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS  
ELECTION OF 2012 (SERIES 2013)**

**JUNE 30, 2013**

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***AUTHORITY FOR ISSUANCE***

The General Obligation Bonds, Election of 2012 (Series 2013) are 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 January 29, 2013 (the Resolution).

The District received authorization at an election held on November 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed \$260,000,000 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 series of the authorized bonds to be issued under the 2012 Authorization.

***PURPOSE OF ISSUANCE***

The Bonds are being issued to finance the improvement of local elementary, middle and high school classrooms, labs and learning facilities by adding classrooms to prevent school overcrowding; upgrading fire, security and earthquake safety; updating science labs, and instructional technology infrastructure for 21<sup>st</sup>-century learning; improving energy efficiency; and renovating, constructing and equipping schools, facilities and classrooms.

***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.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
BUILDING FUND – GENERAL OBLIGATION BONDS  
ELECTION OF 2012 (SERIES 2013)**

**JUNE 30, 2013**

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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.

***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Building Fund, General Obligation Measure D Resource, have been made in accordance with the bond project list approved by the voters through the approval of General Obligation Bonds, Election of 2012 (Series 2013).
2. Determine whether salary transactions, charged to the Building Fund Measure D Resource were in support of General Obligation Bonds, Election of 2012 (Series 2013) and not for District general administration or operations.

***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2012 to June 30, 2013. 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, 2013, were not reviewed or included within the scope of our audit or in this report.

***FINANCIAL SUMMARY***

1. The General Obligation Bond, Election of 2012 (Series 2013) funds were authorized at an election of the registered voters of the District held on November 6, 2012. The bonds were authorized at an issuance of \$260,000,000 principal amount of the purpose of financing the repair and upgrading of school facilities. The first series of the bonds were issued in 2012-2013 in the amount of \$74,995,000.
2. Total revenue including bond proceeds, bond premium and related interest income are \$76,206,916. Total expenditures through June 30, 2013, were \$1,349,742.
3. An analysis of expenditures is as follows as of June 30, 2013:

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
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PROJECT EXPENDITURES	<u>Current Period</u>	<u>Total</u>
Books and supplies	\$ 191,634	\$ 191,634
Noncapitalized equipment	113,102	113,102
Professional consulting and operating services	595,387	595,387
Capital outlay		
Land	16,915	16,915
Buildings and improvements of buildings	333,337	333,337
Equipment	99,367	99,367
Total expenditures	<u>\$ 1,349,742</u>	<u>1,349,742</u>
Contract commitments		1,249,880
Total expenditures and commitments		<u><u>2,599,622</u></u>

Available unspent funds as of June 30, 2013 are:

	<u>Current Period</u>	<u>Total</u>
General obligation bond proceeds	\$ 74,995,000	\$ 74,995,000
Bond premium	1,126,085	1,126,085
Required deposit to bond sinking fund	(730,289)	(730,289)
Bond issuance costs	(395,796)	(395,796)
Net bond financing sources and uses	<u>74,995,000</u>	<u>74,995,000</u>
Interest earned	85,831	85,831
Total revenue sources and uses	<u>\$ 75,080,831</u>	<u>75,080,831</u>
Total capital expenditures and commitments		<u>(2,599,622)</u>
Available unspent funds		<u><u>\$ 72,481,209</u></u>

***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the period of July 1, 2012 through June 30, 2013, for the Building Fund (General Obligations Bonds, Election of 2012). 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 General Obligation Bonds, Election of 2012 (Series 2013) 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, 2012 and ending June 30, 2013, 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 14 transactions totaling \$953,553. This represents 70.65% percent of the total expenditures of \$1,349,742.

**SAN RAMON VALLEY UNIFIED SCHOOL DISTRICT  
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3. We verified that funds from the Building Fund (General Obligations Bonds Measure D Resource, Election of 2012) were generally expended for the improving, upgrading, updating, renovating, constructing and equipping of District facilities constituting authorized bond projects.

***CONCLUSION***

The results of our tests indicated that, in all significant respects, the San Ramon Valley Unified School District has properly accounted for the expenditures held in the Building Fund (General Obligations Bonds Measure D Resource, Election of 2012) and that such expenditures were made for authorized Bond projects.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013**

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None reported.



To Governing Board and the  
Facilities Oversight and Advisory Committee  
San Ramon Valley Unified School District

We have audited the financial statements of the Building Fund – General Obligation Bonds Measure D Resource, Election of 2012 (Series 2013) of San Ramon Valley Unified School District for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you previously. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Ramon Valley Unified School District Building Fund – General Obligation Bonds Measure D Resource, Election of 2012 (Series 2013) are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year ended June 30, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. The disclosures in the financial statements are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We found one instance where \$81,934 regarding the difference between the fair market value and the book value on cash with county treasury represents an uncorrected misstatement. This represents 0.11% of total assets, fund balance, revenues, and the change in fund balance for the year. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 13, 2014.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompany the financial statements, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors, the Facilities Oversight and Advisory Committee and management of San Ramon Valley Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

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

Pleasanton, California  
February 13, 2014