

MCFARLAND UNIFIED SCHOOL DISTRICT

PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
FINANCIAL AUDIT REPORT

JUNE 30, 2014

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
FINANCIAL AUDIT REPORT
JUNE 30, 2014

CONTENTS

| | PAGE |
|---|-------------|
| Independent Auditors' Report | 1 |
| Balance Sheet | 3 |
| Statement of Revenue, Expenditures, and Changes in Fund Balance | 4 |
| Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual | 5 |
| Notes to the Basic Financial Statements | 6 |
| 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 | 9 |
| Schedule of Findings and Recommendations | 11 |

NANCY L. ROBERTS, CPA
TELEPHONE
(661) 327-4511

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS
2100 "E" STREET
BAKERSFIELD, CALIFORNIA 93301
rjcpa@att.net

SEAN JAMES, CPA
FACSIMILE
(661) 327-4509

The Board of Trustees
Bond Oversight Committee
McFarland Unified School District
McFarland, California 93250

Independent Auditors' Report

We have audited the accompanying financial statements of the 2012 Election General Obligation Bonds-Building Fund of McFarland Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, as shown on pages 6 - 8.

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.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Obligation Bonds-Building Fund of the McFarland Unified School District as of June 30, 2014, and the respective changes in financial position 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 1, the financial statements present only the General Obligation Bonds-Building Fund and do not purport to, and do not, present fairly the financial position of the McFarland Unified School District as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended 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 May 31, 2015 on our consideration of McFarland Unified School District's internal control over financial report for the General Obligation Bonds – Building Fund 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 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 McFarland Unified School District's internal control over financial reporting and compliance for the General Obligation Bonds – Building Fund.

Roberts and James

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS

Bakersfield, CA

May 31, 2015

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS - BUILDING FUND
BALANCE SHEET
JUNE 30, 2014

| | |
|------------------------------------|----------------------|
| ASSETS | |
| Cash in County Treasury | \$ 16,291,722 |
| Accounts receivable | 12,685 |
| Due from other funds | <u>9,657</u> |
| ASSETS | <u>\$ 16,314,064</u> |
| | |
| LIABILITIES AND FUND BALANCE | |
| | |
| Liabilities | |
| Accounts payable | <u>\$ 376,544</u> |
| | |
| Fund Balances | |
| Restricted for construction | <u>\$ 15,937,520</u> |
| | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 16,314,064</u> |

The notes to the financial statements are an integral part of these statements.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS - BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDING JUNE 30, 2014

| | |
|--|-----------------------------|
| REVENUES | |
| Interest earnings | \$ 53,864 |
| Other local revenue | <u>3,620</u> |
| Total Revenues | <u>57,484</u> |
| EXPENDITURES | |
| Books and supplies | 1,188 |
| Services and other operating expenditures | 21,762 |
| Capital outlay | <u>4,727,108</u> |
| Total Expenditures | <u>4,750,058</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(4,692,574)</u> |
| OTHER FINANCING SOURCES (USES) | |
| Transfers in | 427,132 |
| Proceeds from sale of bonds | <u>5,440,533</u> |
| Total Other Financing Sources (Uses) | <u>5,867,665</u> |
| Net Change in Fund Balance | 1,175,091 |
| Fund Balance July 1, 2013 | <u>14,762,429</u> |
| Fund Balance June 30, 2014 | <u><u>\$ 15,937,520</u></u> |

The notes to the financial statements are an integral part of these statements.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS - BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 2014

| | BUDGET | ACTUAL | POSITIVE (NEGATIVE) VARIANCE |
|--|----------------------|----------------------|------------------------------------|
| REVENUES | | | |
| Interest earnings | \$ 53,864 | \$ 53,864 | \$ - |
| Other local revenue | 3,620 | 3,620 | - |
| Total Revenues | <u>57,484</u> | <u>57,484</u> | <u>-</u> |
| EXPENDITURES | | | |
| Books and supplies | 1,189 | 1,188 | 1 |
| Services and other operating expenditures | 21,762 | 21,762 | - |
| Capital outlay | 4,727,107 | 4,727,108 | (1) |
| Total Expenditures | <u>4,750,058</u> | <u>4,750,058</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(4,692,574)</u> | <u>(4,692,574)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 427,132 | 427,132 | - |
| Proceeds from sale of bonds | 5,440,533 | 5,440,533 | - |
| Total Other Financing Sources (Uses) | <u>5,867,665</u> | <u>5,867,665</u> | <u>-</u> |
| Net Change in Fund Balance | 1,175,091 | 1,175,091 | - |
| Fund Balance July 1, 2013 | <u>14,762,429</u> | <u>14,762,429</u> | <u>-</u> |
| Fund Balance June 30, 2014 | <u>\$ 15,937,520</u> | <u>\$ 15,937,520</u> | <u>\$ -</u> |

The notes to the financial statements are an integral part of these statements.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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. In 2012, a general obligation bond proposition of the McFarland Unified School District (District) was approved by the voters of the District. The election authorized the District to issue up to \$25,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39 and related state legislation, the Board of Education of the District has established a Citizen's Bond Oversight Committee and appointed its members. The principal purpose of the Citizen's Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures made using the proceeds of the bond issued pursuant to the bond authorization. The Citizen's Bond 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 audit to ensure that the proceeds of the bonds deposited into the 2012 Election General Obligation Bonds - Building Fund (Fund) have been expended only for authorized bond projects.

The bond proceeds and uses are accounted for in the District's Bonds Building Fund. The statements presented are for the Bonds Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

Accounting Policies

The District accounts for 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).

Basis of Accounting

The financial statements of the Bonds Building Fund are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve a portion 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. All encumbrances are liquidated as of June 30.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH

Cash in County Treasury

In accordance with Education Code Section 41001, the Building Fund maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool (\$16,291,722 as of June 30, 2014). The fair value of the Building Fund's portion of this pool as of that date, as provided by the pool sponsor, was \$16,291,722. Assumptions made in determining the fair value of the pool investment portfolios are available from the County Treasurer.

Analysis of Specific Deposit and Investment Risks

GASB Statement No 40 requires a determination as to whether the Building Fund was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The rating of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Building Fund was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institutions trust department or agent but not in the Building Fund's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Building Fund's name. At year end, the Building Fund was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Building Fund was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Building Fund was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Building Fund was not exposed to foreign currency risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, in the amount of \$12,685 represents the amount due from the Kern County Treasurer for interest earnings for the quarter ended June 30, 2014.

NOTE 4 – SUBSEQUENT EVENT

On November 18, 2014, the District issued \$3,000,000 in General Obligation Bonds, 2012 Election, 2014 Series B.

No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through May 31, 2015 that would require adjustment to or disclosure in these financial statements.

NANCY L. ROBERTS, CPA
TELEPHONE
(661) 327-4511

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS
2100 "E" STREET
BAKERSFIELD, CALIFORNIA 93301
rjcpa@att.net

SEAN JAMES, CPA
FACSIMILE
(661) 327-4509

Board of Trustees and the
Citizens' Bond Oversight Committee
McFarland Unified School District
McFarland, California 93250

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*

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 2012 Election General Obligation Bonds - Building Fund of McFarland Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise 2012 Election General Obligation Bonds - Building Fund of McFarland Unified School District's basic financial statements, and have issued our report thereon dated May 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McFarland 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, but not for the purpose of expressing an opinion on the effectiveness of McFarland Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of McFarland 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.

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 2012 Election General Obligation Bonds - Building Fund of McFarland Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

Roberts and James

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS

Bakersfield, CA

May 31, 2015

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014

There were no findings for the year ending June 30, 2014.

MCFARLAND UNIFIED SCHOOL DISTRICT

PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT

JUNE 30, 2014

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
JUNE 30, 2014

CONTENTS

| | PAGE |
|--|-------------|
| Independent Auditors' Report | 1 |
| Objectives | 2 |
| Scope of the Audit | 2 |
| Background Information | 3 |
| Procedures Performed | 4 |
| Conclusion | 5 |
| Schedule of Findings and Recommendations | 6 |

NANCY L. ROBERTS, CPA
TELEPHONE
(661) 327-4511

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS
2100 "E" STREET
BAKERSFIELD, CALIFORNIA 93301
rojcpa@att.net

SEAN JAMES, CPA
FACSIMILE
(661) 327-4509

The Board of Trustees
Bond Oversight Committee
McFarland Unified School District
McFarland, California 93250

Independent Auditors' Report

We have conducted a performance audit of the McFarland Unified School District's (District), 2012 Election General Obligation Bonds – Building Fund for the year ended June 30, 2014.

We conducted our performance audit in accordance with *Governmental 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 findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page two of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 2012 Election General Obligation Bonds – Building Fund under the applicable provision of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 – 15286 of the California Education Code as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 – 15286 of the California Education Code. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended 2012 Election General Obligation Bonds – Building Fund for the year ended June 30, 2014, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 – 15286 of the California Education Code.

Roberts and James

ROBERTS AND JAMES
CERTIFIED PUBLIC ACCOUNTANTS

Bakersfield, CA

May 31, 2015

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
JUNE 30, 2014

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the McFarland Unified School District Bond Building Fund;
- Determine whether expenditures charged to the Bond Building Fund have been made in accordance with the bond project list approved by the voters;
- Determine compliance with specific Education Code Sections related to oversight of bond expenditures;
- Note any incongruities or system weaknesses, or noncompliance with specific Education Code Sections related to oversight of fund expenditures, and provide recommendation for improvement;
- Provide the District Board and the Citizen's Oversight committee with a performance audit as specified under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 to June 30, 2014. 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. Expenditures incurred subsequent to June 30, 2014 were not reviewed or included within the scope of our audit.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
JUNE 30, 2014

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. In 2012, a general obligation bond proposition of the McFarland Unified School District was approved by the voters of the District. The election authorized the District to issue up to \$25,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39 and related state legislation, the Board of Education of the District has established a Citizen's Bond Oversight Committee and appointed its members. The principal purpose of the Citizen's Bond Oversight Committee, as set out in state law, is to inform the public as to the expenditures made using the proceeds of the bond issued pursuant to the bond authorization. The Citizen's Bond 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 2012 Election General Obligation Bonds-Building fund have been expended only for authorized bond projects.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
JUNE 30, 2014

PROCEDURES PERFORMED

We obtained the general ledger prepared by the District for the period July 1, 2013 to June 30, 2014 for the 2012 Election General Obligation Bonds - Building Fund. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and the 2012 Election with regards to the approved bond projects list. We performed the following procedures:

- Reviewed the projects listed to be funded with general obligation bond proceeds as set out in the 2012 Election General Obligation Bonds – Building Fund election documents;
- Selected a sample of expenditures for the period July 1, 2013 to June 30, 2014 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects;
- Verified that funds from the 2012 Election General Obligation Bonds - Building Fund were generally expended for relieving school overcrowding: upgrading and renovating classrooms and school facilities including outdated plumbing, inadequate electrical, heating and air conditioning systems; making health, safety and energy efficiency improvements as well as ensuring handicap accessibility; building a physical education sports complex and possibly a new high school in the future. Furthermore, we verified that funds expended from the 2012 Election General Obligation Bonds - Building Fund were not used for salaries of school administrators or other operating expenses of the District.

In addition, the results of our tests indicated that, in all significant respects, the District complied with certain provisions of the California Education Code requirements for which the purpose of an Independent Citizens' Oversight Committee is established.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
JUNE 30, 2014

CONCLUSION

Based upon our procedures performed, we found that for the items tested, the McFarland Unified School District has properly accounted for the expenditures of the funds held in the 2012 Election General Obligation Bonds - Building Fund Program and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the 2012 Election General Obligation Bonds - Building Fund Program, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

MCFARLAND UNIFIED SCHOOL DISTRICT
PROPOSITION 39
2012 ELECTION GENERAL OBLIGATION BONDS – BUILDING FUND
PERFORMANCE AUDIT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014

There were no findings for the year ending June 30, 2014.