

SEQUOIA UNION HIGH SCHOOL DISTRICT

PROPOSITION 39/MEASURE A BOND

AUDIT REPORT

For the Fiscal Year Ended June 30, 2018

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
For the Fiscal Year Ended June 30, 2018**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Measure A Citizens' Oversight Committee and
Governing Board Members
Sequoia Union High School District

Report on the Program Statements

We have audited the accompanying Proposition 39/Measure A Bond program statements of the Sequoia Union High School District, as of and for the year ended June 30, 2018.

Management's Responsibility for the Program Statements

The Sequoia Union High School District's management is responsible for the preparation and fair presentation of these 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 these statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 program statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the program statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the program statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the program 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 District'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 program statements.

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



Opinion

In our opinion, the program statements referred to above present fairly, in all material respects, the budgeted and actual expenditures for the Proposition 39/Measure A Bond proceeds for the period audited.

Other Matters

As discussed in Note 1, the program statements present only the Measure A Bonds and do not purport to, and do not, present fairly the financial position of the Sequoia Union High School District, as of June 30, 2018, and the changes in its financial position for the year then ended in accordance 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 issued our report dated December 4, 2018 on our consideration of the Sequoia Union High School District's internal control over financial reporting and 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 Sequoia Union High School District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated December 4, 2018 on our consideration of the Measure A Bond's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure A Bonds for the fiscal year ended June 30, 2018 and should be considered in assessing the results of our financial audit.

C & A LLP

December 4, 2018
San Jose, California

PROGRAM STATEMENTS

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Budgeted and Cumulative Expenditures
For the Fiscal Year Ended June 30, 2018

Site	Project Description Summary	Sum of Adjusted Budget	Sum of Total Expended
Additional Campuses	Acquisition of 150 Jefferson Drive, Menlo Park	\$ 9,308,156	\$ 9,308,156
	Acquisition of 535 Old County Rd., San Carlos	3,407,259	3,407,259
	Due Diligence for 535 Old County Rd., San Carlos	29,023	29,023
	Due Diligence, 150 Jefferson Drive., Menlo Park	89,864	89,864
	Menlo Park High School	46,447,846	17,483,513
Additional Campuses Total		59,282,148	30,317,815
Alternative Schools	Myrtle St, New Gym @ EPAA	6,142,500	6,103,418
	RWHS & 1090 Mills Solar Carports	1,133,742	12,600
	Summit Air Handling Unit Replacement	393,355	393,355
Alternative Schools Total		7,669,597	6,509,373
Capital Repair	Project Management for Capital Repair	759,681	285,376
Capital Repair Total		759,681	285,376
Carlmont	ADA Path from Senior Lot	100,000	37,646
	Architect Facilities Master Plan	102,160	102,160
	B-9 main proj in Fund 25	91,000	91,000
	Boys/Girls LR, Window & Tie Rod reokacement	25,625	-
	CHS Small Summer 2015 Projects	99,465	99,465
	Civil Infrastructure MEP upgrades	5,371,900	2,744,620
	Classroom Refresh	490,000	327,139
	Eating Areas- Site Furniture Addition	21,874	20,536
	EMS Upgrades Campus Wide	287,383	249,970
	EV charging Station	119,673	119,673
	Exterior Lighting	187,377	141,426
	Flooring Replacement 2018	42,994	23,179
	Flooring Summer 2017	15,842	15,842
	Gym South Wall Waterproofing	12,433	12,433
	Install back flow preventer at meter for entire site	731	731
	Kitchen, MUR, Lockers	3,751,799	3,751,799
	New 10 Clsrm Bldg S-Wing Increment # 2	15,085,282	14,328,282
	New 10 Clsrm Bldg, S-Wing Increment #1	6,446,865	6,438,965
	Replace Bleachers in Gym at Carlmont	248,876	248,876
	Roof Replacement 2017	477,821	376,445
	Roof Replacement 2018	138,267	77,130
Track Surfacing (Investigation)	500	370,740	
Weight Room	750,000	750,000	
Carlmont Total		33,867,867	30,328,057
District-Wide	Adult School (Tech)	50,000	28,641
	Adult School paid by Interest earned	24,365	24,365
	Charging Cabinet Tower	200,000	94,016
	Digital Educator Lab	180,000	117,806
	District Refresh	75,000	46,954
	EPAA Refresh FY 16-17	100,000	39,561
	Floor Replacement	115,254	115,254
	Flooring FY 16-17 CHS and Adult School	50,392	50,392
	Flooring FY 16-17 M-A, SHS, WHS	91,893	91,773
	HVAC Controls DW Misc	30,156	30,157
	Independent Studies (Tech)	10,000	3,292
	LAN Upgrades, Switchgear/Power over Ethernet (POE)	1,250,000	968,156
	Middle College (Tech)	25,000	19,704
	Roof Replacement	1,222,259	1,222,260
	Tech Maintenance FY 15 to FY 18	425,291	149,158
	Trace (Tech)	7,500	339
	Uninterruptible Power Supply (UPS) Upgrades	350,000	201,439
Upgrade Older Access Points	507,500	49,950	
Video Surveillance Refresh	475,000	272,705	
District-Wide Total		5,189,610	3,525,922

(Continued)

The notes to the program statements are an integral part of this statement.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Budgeted and Cumulative Expenditures
For the Fiscal Year Ended June 30, 2018**

Site	Project Description Summary	Sum of Adjusted Budget	Sum of Total Expended
Menlo Atherton	Architect Facilities Master Plan	137,534	137,534
	Ayer's Gym Generator Replacement	63,737	63,737
	Civil Infrastructure & MEP Upgrades	2,882,802	378,748
	Classroom Refresh	490,000	338,705
	Digital Arts Bldg EMS Conversion	36,520	31,700
	EMS Upgrades Campus Wide	287,383	11,489
	Exterior Lighting	166,574	119,271
	Flooring Replacement 2018	32,292	11,512
	Flooring Summer 2017	12,383	11,476
	Guidance Office Expansion	1,320,594	1,320,594
	Interim Housing, 12 Modulars	1,676,238	1,676,238
	Locker Room Improvement	1,520,257	779,117
	M-A Turf and Practice Field Lights	3,327,942	2,818,020
	New 21 Clsrm Bldg G-Wing	24,611,098	24,549,785
	Roof Replacement 2017	60,620	38,470
	Roof Replacement 2018	220,767	553
	Roofing FY16-17	116,857	116,857
	Room B-23 Minor Repairs	10,000	-
	Six Clsrm Lab Bldg	17,210,573	12,959,647
	Track Surfacing (Investigation)	500	284,593
Tree Mitigation (for SEM Bldg)	16,370	16,370	
Menlo Atherton Total		54,201,041	45,664,416
District Facilities	CEQA Consul Initial Planning	5,275	5,275
	Constructability/commissioning rev phase I	83,808	81,400
	Construction Admin	3,555,405	2,010,227
	District Fee's, Services	57,482	38,899
	Executive Facilities Master Plan	256,028	256,029
	In-House Project Managers	259,645	402
	Other Outside Consulting Services	528,176	180,357
District Facilities Total		4,745,819	2,572,589
Redwood	Classroom Refresh Redwood	150,000	25,807
	Fifth Year Senior Clsrm	170,274	170,274
	Interim Housing Budget from DW Interim housing	1,999,905	1,817,644
	Replacement of Main Bldg, New Gym/Culinary Arts Facility	22,962,937	20,501,588
Redwood Total		25,283,116	22,515,313
Sequoia	Architect Facilities Master Plan	80,218	80,218
	Baseball Field Fencing	35,000	35,000
	Boiler Plant Modifications (Sci-Tech Building)	22,902	-
	Boys & Girls Locker Rm Boilers & Water Heaters	206,717	-
	Civil Infrastructure & MEP Upgrade	2,956,600	19,012
	Classroom Refresh	490,000	283,029
	EMS Upgrades Campus Wide	287,383	10,862
	Exterior Lighting	126,281	123,655
	Floor Replacement 2017	20,426	20,426
	Floor Replacement 2018	52,483	19,091
	HVAC Initial Study	28,043	28,043
	HVAC System at MUR Kitchen	289,007	284,812
	Install Storm Drain & Gas Line at Tea Garden	163,747	163,746
	Library Renovation	1,989,386	429,032
	Music Building	5,364,000	5,274,784
	New 10 Clsrm Bldg, A-Wing Increment # 1	3,238,283	3,238,283
	New 10 Clsrm Bldg, A-Wing Increment # 2	8,726,373	8,487,320
	New Culinary Art and Room 128 Renovation	1,955,295	1,955,878
	New Science Clsrm	110,943	110,943
	Pool Lights and Canopy	1,020,000	965,623
	Practice Field Lights	2,620,000	2,198,322
	Re-shingle Tea Garden	21,021	21,021
	Roofing Replacements 2018	891,767	385,135
	Room 128 & 130 Conversion	177,439	177,439
	Senior Parking Lot	4,364	4,364
	Tea Garden Renovation	575,650	559,470
	Track Surfacing (Investigation)	500	287,659
Trellis Repair	55,000	-	
Widening Driveway	3,850	3,850	
Sequoia Total		31,512,678	25,167,017

(Continued)

The notes to the program statements are an integral part of this statement.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Budgeted and Cumulative Expenditures
For the Fiscal Year Ended June 30, 2018**

Site	Project Description Summary	Sum of Adjusted Budget	Sum of Total Expended
Woodside	Architect Facilities Master Plan	102,121	102,121
	B-Wing Heating Upgrades	526,844	477,792
	Ceramic Classroom Improvement	850,000	272,192
	Civil Upgrades	2,651,739	2,397,077
	Classroom Refresh	490,000	333,650
	Confidential Counseling Offices	638,757	615,966
	Energy Management Upgrades	280,015	187,454
	Exterior Lighting	123,095	77,846
	Floor Replacement 2017	14,080	13,177
	Flooring Replacement 2018	36,128	59,128
	Food Svc and Cafeteria	2,250,000	2,053,815
	F-Wing Ramp Replacement	119,350	66,206
	Landscape at B,C, & E Wing	21,620	21,620
	New 10 Clsrm Bldg, J-Wing	17,962,461	17,494,891
	New Culinary Arts Facility	2,142,848	2,077,725
	Parking Lot Drainage	1,372,500	255,784
	Pool Lights	109,840	118,213
	Quad Landscape Improvement	616,000	49,165
	Repair/Replace Football Bleachers	3,754,000	3,509,594
	Roofing FY 16-17	96,583	96,582
Solar Carports 2018	-	715	
Storm Drain at G-Wing	21,555	221,554	
WHS Boiler Replacement	50,352	-	
Woodside Total		34,229,888	30,502,267
Grand Total		\$ 256,741,445	\$ 197,388,145

(Concluded)

The notes to the program statements are an integral part of this statement.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Expenditures for the Period of
July 1, 2017 through June 30, 2018**

Site	Project Description Summary	Total
Alternative Schools	Myrtle St, New Gym @ EPAA	\$ 70,596
	RWHS & 1090 Mills Solar Carports	12,600
	Summit Air Handling Unit Replacement	386,090
Alternative Schools Total		469,287
Capital Repair	Project Management for Capital Repair	156,335
Capital Repair Total		156,335
Carlmont	ADA Path from Senior Lot	5,169
	Civil Infrastructure MEP upgrades	2,744,193
	Classroom Refresh	101,666
	EMS Upgrades Campus Wide	249,970
	EV charging Station	4,134
	Exterior Lighting	96,944
	Flooring Replacement 2018	23,179
	Flooring Summer 2017	15,842
	Gym South Wall Waterproofing	12,433
	Kitchen, MUR, Lockers	1,373
	New 10 Clsrm Bldg S-Wing Increment # 2	997,833
	Roof Replacement 2017	128,496
	Roof Replacement 2018	77,130
Track Surfacing (Investigation)	370,740	
Weight Room	167,963	
Carlmont Total		4,997,066
District-Wide	Adult School (Tech)	12,579
	Charging Cabinet Tower	34,430
	Digital Educator Lab	30,439
	District Refresh	18,726
	EPAA Refresh FY 16-17	14,963
	Independent Studies (Tech)	2,361
	LAN Upgrades, Switchgear/Power over Ethernet (POE)	903,680
	Middle College (Tech)	1,146
	Tech Maintenance FY 15 to FY 18	53,204
	Trace (Tech)	339
Video Surveillance Refresh	85,376	
District-Wide Total		1,157,243
Menlo Atherton	Civil Infrastructure & MEP Upgrades	378,748
	Classroom Refresh	82,419
	Digital Arts Bldg EMS Conversion	31,700
	EMS Upgrades Campus Wide	11,489
	Exterior Lighting	60,170
	Flooring Replacement 2018	11,512
	Flooring Summer 2017	11,476
	Guidance Office Expansion	1,598
	Interim Housing, 12 Modulares	50,161
	Locker Room Improvement	745,627
	M-A Turf and Practice Field Lights	2,617,780
	New 21 Clsrm Bldg G-Wing	315,770
	Roof Replacement 2017	12,300
Roof Replacement 2018	553	
Six Clsrm Lab Bldg	8,915,951	
Track Surfacing (Investigation)	284,593	
Menlo Atherton Total		13,531,847

(Continued)

The notes to the program statements are an integral part of this statement.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Expenditures for the Period of
July 1, 2017 through June 30, 2018**

Site	Project Description Summary	Total
Additional Campuses	Menlo Park High School	14,775,336
Additional Campuses Total		14,775,336
District Facilities	Constructability/commissioning rev phase I	10,197
	Construction Admin	648,747
	District Fee's, Services	11,950
	Other Outside Consulting Services	34,283
District Facilities Total		705,177
Redwood	Classroom Refresh Redwood	8,141
	Interim Housing Budget from DW Interim housing	109,145
	Replacement of Main Bldg, New Gym/Culinary Arts Facility	11,105,530
Redwood Total		11,222,816
Sequoia	Civil Infrastructure & MEP Upgrade	19,012
	Classroom Refresh	45,336
	EMS Upgrades Campus Wide	10,862
	Exterior Lighting	84,401
	Floor Replacement 2017	20,294
	Floor Replacement 2018	19,091
	HVAC System at MUR Kitchen	204,907
	Library Renovation	429,032
	Music Building	3,569,365
	New 10 Clsrm Bldg, A-Wing Increment # 2	23,844
	New Culinary Art and Room 128 Renovation	1,012
	Pool Lights and Canopy	910,152
	Practice Field Lights	2,010,112
	Roofing Replacements 2018	385,135
	Tea Garden Renovation	7,005
	Track Surfacing (Investigation)	287,659
Sequoia Total		8,027,217
Woodside	B-Wing Heating Upgrades	334,690
	Ceramic Classroom Improvement	272,192
	Civil Upgrades	1,578,500
	Classroom Refresh	99,184
	Confidential Counseling Offices	361,283
	Energy Management Upgrades	44,921
	Exterior Lighting	42,560
	Floor Replacement 2017	13,177
	Flooring Replacement 2018	59,128
	Food Svc and Cafeteria	1,362,759
	F-Wing Ramp Replacement	66,206
	Landscape at B,C, & E Wing	21,620
	New 10 Clsrm Bldg, J-Wing	2,776,929
	New Culinary Arts Facility	1,701,782
	Parking Lot Drainage	255,784
	Pool Lights	48,309
	Quad Landscape Improvement	5,450
	Repair/Replace Football Bleachers	310,712
	Solar Carports 2018	716
Woodside Total		9,355,900
Grand Total		\$ 64,398,223

(Concluded)

The notes to the program statements are an integral part of this statement.

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Notes to Program Statements
For the Fiscal Year Ended June 30, 2018

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

C. Basis of Presentation

Fund Financial Statements

Fund financial statements report detailed information about the District. The Measure A Bonds are reported in the District's Building Fund which is a governmental fund and is presented as a major fund in the District's combined financial statements. The Building Fund is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds such as Measure A general obligation bonds.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, are generally included on the balance sheet. The program statements for the Measure A Bonds presents expenditures for the Measure A bond program. The balance sheet and statement of revenues and expenditures are reported in the District's Building Fund as a part of the District overall audited program statements.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the program statements. Governmental funds use the modified accrual basis of accounting.

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Notes to Program Statements
For the Fiscal Year Ended June 30, 2018

Expenditures

On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Allocations of cost, such as depreciation and amortization, are not recognized in the program statements.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final 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 and District superintendent 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.

F. Accounting Estimates

The presentation of program 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 reported in the program statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - THE PROGRAM

Proposition 39 was enacted by the voters on November 7, 2000, and changed the required majority for local voter approval of the public school and community college general obligation bonds from two-thirds to fifty-five percent of votes. It also required school districts to provide facilities to charter schools operating within their jurisdictions.

On June 3, 2014, voters approved the Sequoia Union High School District's Measure A Bond. Measure A authorized the district to increase its debt by \$265 million through issuing general obligation bonds in order to update, renovate, repair, construct and purchase district facilities and technology. District officials estimated the additional property tax rate required to pay off this debt at \$15.90 per \$100,000 of assessed valuation. The bonds were designed to be retired in a maximum of either 25 years or 40 years.

A 55 percent supermajority vote was required for the approval of Measure A.

All projects funded by the issuance of Measure A general obligation bonds will be subject to review both by the District's Board of Trustees and by an independent citizens' oversight committee. The District will also provide many public forums to present progress and seek input from community members, parents, and staff.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Notes to Program Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 3 - CITIZEN'S OVERSIGHT COMMITTEE

Duties of the committee include ensuring that bond revenues are expended only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. The committee must also ensure that no funds are used for any teacher or administrative salaries or other school operation expenses.

Furthermore, the committee is authorized to receive and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIII A, Section 1(b)(3)(C) and Article XIII A, Section 1(b)(3)(D), respectively, of the California Constitution.

The Committee was formed by the Board of Trustees, which met three times in the last fiscal year. The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2018:

<u>Name</u>	<u>Title/Function</u>
Jerry Carlson	At Large
Janet Hart	Parent
Ernesto Jasso	Parent
Diane Peterson	Parent
Susie Peyton	Parent
Kim Steinjann	Parent / PTA
John Violet	At Large
Lisa Costa Sanders	Parent / PTA

**SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS**

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2018

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the program statements that are required to be reported in accordance with *Government Auditing Standards*.

Our tests resulted in no findings and recommendations.

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Schedule of Prior Findings and Recommendations
For the Fiscal Year Ended June 30, 2018**

There were no prior year findings and recommendations to be reported.

**OTHER INDEPENDENT
AUDITOR'S REPORTS**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF PROGRAM STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Measure A Citizens' Oversight Committee and
Governing Board Members
Sequoia Union High School District

We have audited, 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, the accompanying Proposition 39/Measure A Bond program statements of the Sequoia Union High School District as of and for the year ended June 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Sequoia Union High 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 program program statements, but not for the purpose of expressing an opinion on the effectiveness of the Sequoia Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sequoia Union High 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 District's program 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the Proposition 39/Measure A Bond of Sequoia Union High School District's program statements are free from 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 program 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 4, 2018
San Jose, California



**INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE AND COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON THE MEASURE A BOND PROGRAM**

Measure A Citizens' Oversight Committee and
Governing Board Members
Sequoia Union High School District

Compliance

We have audited Sequoia Union High School District's (the District) compliance with Proposition 39/Measure A Bonds of the June 3, 2014 election, as approved under Proposition 39, and with the performance requirements referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and the enactment of AB 1908 (Chapter 44, Statutes of 2000).

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the laws and regulations identified above based on our audit. We conducted our audit of compliance 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 noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the laws and regulations have occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Audit Objectives

Our audit included the following objectives:

1. To obtain reasonable assurance that the proceeds of the sale of the Measure A Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
2. To obtain reasonable assurance that the Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovations of items which will relieve overcrowding, repair local schools and improve student safety conditions of the District.



3. To obtain reasonable assurance that the District complied 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, the enactment of AB 1908 (Chapter 44, Statutes of 2000) and the bond measure. Management is responsible for the District's compliance with these requirements.

Scope and Methodology

To meet the objectives of our performance audit, procedures we performed included, but were not limited to, the following scope and methodology:

1. We documented and tested controls over financial reporting and compliance specific to the Measure A Bonds which included inquires about budgetary controls, separation of duties, account coding, timekeeping, pay rates and procurement.
2. We verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
3. We selected four contracts and verified their compliance with bid requirements, and that their invoices were paid within the contract terms and with board approval.
4. We tested payments made to the architectural service companies and reviewed the terms of the contract.
5. We tested approximately 81% of the 2017-18 expenditures to ensure they were valid, allowable and accurate.
6. We verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.
7. We verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.
8. We verified that the District was in compliance with Assembly Bill 1908 and Ed Code Section 15278, where the District is required to establish a bond oversight committee for Proposition 39 bonds that includes one active member from each of the following sectors: a business organization, senior citizens' organization, bona fide taxpayer's association, and one parent/guardian of a child enrolled in the District and one parent/guardian of a child enrolled in the District who is also a member of a parent teacher association.
9. We verified the Citizens' Oversight Committee met pursuant to Education Code Section 15280.

Results of Procedures Performed

We did not identify any exceptions to the procedures performed above, nor any exceptions to other tests that we conducted related to the Measure A Bonds. Our audit of compliance was made for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of noncompliance.



Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Proposition 39/Measure A Bond program for the fiscal year ended June 30, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing based on the standards referred to above. Accordingly, this report is not suitable for any other purpose.

C & A LLP

December 4, 2018
San Jose, California