

SEQUOIA UNION HIGH SCHOOL DISTRICT

PROPOSITION 39/MEASURE A BOND

AUDIT REPORT

For the Year Ended June 30, 2015

* * *



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 Year Ended June 30, 2015**

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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, 2015.

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 financial 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 entity'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 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 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 approved budget, cumulative expenditures and allowable costs for the Proposition 39/Measure A Bond proceeds for the period audited.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated November 13, 2015 on our consideration of the Proposition 39/Measure A Bond of 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.

C & A UP

November 13, 2015
San Jose, California

PROGRAM STATEMENTS

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Summary Statement of Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015**

	Summary of Site Expenditures		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Carlmont	\$ 21,514,959	\$ 1,310,451	\$ 20,204,508
Menlo Atherton	48,447,411	1,863,398	46,584,013
Sequoia	18,067,432	1,138,124	16,929,308
Woodside	19,354,128	465,165	18,888,963
Redwood	21,352,228	221,893	21,130,335
Alternative Schools	36,225,000	725,903	35,499,097
District Facilities	4,602,634	589,134	4,013,500
District-Wide	14,939,302	13,621,558	1,317,744
Total Expenditures	\$ 184,503,094	\$ 19,935,626	\$ 164,567,468

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015

	Carlmont High School		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Architect Facilities Master Plan	\$ 102,160	\$ 102,160	\$ -
Eating Areas- Site Furniture Addition	280,000	-	280,000
New 10 Clsrn Bldg, S-Wing Increment #1	5,922,635	782,437	5,140,198
CHS Small Summer 2015 Projects	98,814	-	98,814
New 10 Clsrn Bldg S-Wing Increment # 2	13,876,350	351,976	13,524,374
Replace Bleachers in Gym at Carlmont	255,000	13,645	241,355
Electric Charging Stations	25,000	-	25,000
Upgrade Mechanical Rooms in Corridor	130,000	-	130,000
Remove Fire hydrant from domestic water main E-Wing	100,000	-	100,000
Install back flow preventor at meter for entire site	85,000	-	85,000
Replace sewer main from T-Wing to boys locker room	225,000	-	225,000
Window Replacements	215,000	-	215,000
Classroom Refresh CHS	100,000	60,233	39,767
Classroom Refresh CHS for FY 16-17	100,000	-	100,000
Total Expenditures	<u>\$ 21,514,959</u>	<u>\$ 1,310,451</u>	<u>\$ 20,204,508</u>

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015

	Menlo-Atherton High School		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Architect Facilities Master Plan	\$ 137,534	\$ 137,534	\$ -
Interim Housing, 12 Modulars	1,454,243	409,491	1,044,752
New 21 Clsrm Bldg G-Wing	27,855,494	1,254,557	26,600,937
Six Clsrm Lab Bldg	17,051,573	12,020	17,039,553
Guidance Office Expansion	1,267,067	10,512	1,256,555
Fire Loop at M-A campus wide	240,000	-	240,000
Electric Charging Station	25,000	-	25,000
Upgrade Back up Generator	100,000	-	100,000
Replace Domestic Boiler in T Wing	66,500	-	66,500
Repair Tennis Courts	50,000	-	50,000
Classroom Refresh MAHS	100,000	39,284	60,716
Classroom Refresh MAHS for FY 16-17	100,000	-	100,000
Total Expenditures	<u>\$ 48,447,411</u>	<u>\$ 1,863,398</u>	<u>\$ 46,584,013</u>

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015**

	Sequoia High School		
	Approved Budget	Cumulative Expenditures	
		From Inception To June 30, 2015	Balance
Architect Facilities Master Plan	\$ 80,218	\$ 80,218	\$ -
New Science Clrm	750,000	22,450	727,550
New Culinary Arts Facility	2,025,000	41,383	1,983,617
New 10 Clrm Bldg, A-Wing Increment # 1	3,847,841	699,480	3,148,361
New 10 Clrm Bldg, A-Wing Increment # 2	9,627,373	212,751	9,414,622
installation of airconditioning 2nd floor Admin bldg	252,000	-	252,000
Unforeseen Asbestos Mitigation	30,000	-	30,000
Upgrade Back up Generator	100,000	-	100,000
Electric Charging Station	25,000	-	25,000
Upgrade Fire & Safety Alarm	100,000	-	100,000
Upgrade Security Alarm	50,000	-	50,000
Replace Gas Line from Meter to Boiler Room	125,000	-	125,000
Replace Gas Line to Tea Garden	80,000	-	80,000
Replace Control Valves	39,799	-	39,799
Re-route sewer at Carrington Hall	175,000	-	175,000
Re-route transit water main at Brewster	100,000	-	100,000
Extend storm drain in fire road, senior parking lot	15,000	-	15,000
Repair Tennis Courts	15,000	-	15,000
Replace Windows at Music Building	175,000	-	175,000
Replace Windows at PE1	50,000	-	50,000
Re-shingle Tea Garden	20,201	20,201	-
Install Storm Drain & Gas Line at Tea Garden	185,000	22,924	162,076
Classroom Refresh SHS	100,000	38,717	61,283
Classroom Refresh SHS for FY 16-17	100,000	-	100,000
Total Expenditures	<u>\$ 18,067,432</u>	<u>\$ 1,138,124</u>	<u>\$ 16,929,308</u>

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015

	Woodside High School		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Classroom Refresh WHS	\$ 100,000	\$ 12,295	\$ 87,705
Classroom Refresh WHS for FY16-17	100,000	-	100,000
Architect Facilities Master Plan	102,121	102,121	-
New 10 Clsrn Bldg, J-Wing	16,641,007	334,429	16,306,578
Repair/Replace Football Bleachers	60,000	-	60,000
Storm Drain at G-Wing	36,000	16,320	19,680
Electric Charging Station	25,000	-	25,000
Remove Asbestos Panels in Walls site wide	425,000	-	425,000
Upgrade Electrical	200,000	-	200,000
Integrate MUR Kitchen to Emergency Generator	185,000	-	185,000
Re-route Fire Main to 5 hydrants on south end of campus	400,000	-	400,000
Install Floor sinks & Water Heaters in all custodian storage areas	100,000	-	100,000
Complete Fire Main from Facility to PAC	230,000	-	230,000
Repair/Replace Football Bleachers	750,000	-	750,000
Total Expenditures	<u>\$ 19,354,128</u>	<u>\$ 465,165</u>	<u>\$ 18,888,963</u>

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015**

	Redwood High School		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Replacement of Main Bldg, New Gym/Culinary Arts Facility	\$ 21,129,454	\$ 51,619	\$ 21,077,835
Fifth Year Senior Clsrn	170,274	170,274	-
Classroom Refresh Redwood	22,500	-	22,500
Classroom Refresh Redwood for FY16-17	30,000	-	30,000
Total Expenditures	\$ 21,352,228	\$ 221,893	\$ 21,130,335

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015

	Alternative Schools		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Upgrade Fire Alarm System	\$ 25,000	\$ -	\$ 25,000
Electrical Upgrades	20,000	-	20,000
Adult School (Tech)	10,000	7,676	2,324
Middle College (Tech)	12,500	-	12,500
Middle College (Tech) for FY 16-17	5,000	-	5,000
Adult School (Tech) for FY 16-17	10,000	-	10,000
Myrtle St, New Gym @ EPAA	6,142,500	687,912	5,454,588
Menlo Park High School	30,000,000	30,315	29,969,685
Total Expenditures	\$ 36,225,000	\$ 725,903	\$ 35,499,097

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015**

	District Facilities		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Staff, Consultants	\$ 1,791,234	\$ 232,584	\$ 1,558,650
District Fee's, Services	14,000	-	14,000
Executive Facilities Master Plan	255,000	255,644	(644)
Constructability & commissioning review phase I	129,550	10,992	118,558
CEQA Consul Initial Planning	5,275	5,275	-
Classroom Furniture	643,500	-	643,500
Phase ii Planning Unallocated	250,000	-	250,000
Technology Equip	203,775	-	203,775
Technology Equip	963,300	-	963,300
District Refresh	15,000	-	15,000
Independent Studies (Tech)	2,000	-	2,000
Trace (Tech)	1,500	-	1,500
Digital Educator Lab	45,000	32,379	12,621
LAN Upgrades, Switchgear/Power over Ethernet (POE)	145,000	52,260	92,740
2nd access point per classroom	80,000	-	80,000
Charging Cabinet Tower	40,000	-	40,000
District Refresh for FY 16-17	15,000	-	15,000
Independent Studies (Tech) for FY 16-17	2,000	-	2,000
Trace (Tech) for FY 16-17	1,500	-	1,500
Total Expenditures	<u>\$ 4,602,634</u>	<u>\$ 589,134</u>	<u>\$ 4,013,500</u>

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 Approved Budget and Cumulative Expenditures
For the Year Ended June 30, 2015

	District-Wide Projects		
	Approved Budget	Cumulative Expenditures From Inception To June 30, 2015	Balance
Acquisition of 535 Old County Rd., San Carlos	\$ 3,407,259	\$ 3,407,259	\$ -
Acquisition of 150 Jefferson Drive, Menlo Park	9,308,156	9,308,156	-
Due Diligence for 535 Old County Rd., San Carlos	29,023	29,023	-
Due Diligence, 150 Jefferson Drive., Menlo Park	89,864	89,864	-
District Unallocated Capital Repair	50,000	-	50,000
Electric Charging Station	25,000	-	25,000
Replace Kitchen Freezer Doors	50,000	-	50,000
Roof Replacement	1,320,000	720,215	599,785
Floor Replacement	300,000	24,509	275,491
Uninterruptible Power Supply (UPS) Upgrades	197,500	42,078	155,422
Video Surveillance Refresh	95,000	229	94,771
Upgrade Older Access Points	67,500	225	67,275
Total Expenditures	<u>\$ 14,939,302</u>	<u>\$ 13,621,558</u>	<u>\$ 1,317,744</u>

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 Year Ended June 30, 2015

NOTE 1 - THE PROGRAM

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.

NOTE 2 - 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, 2015:

- | | |
|------------------|-------------------|
| 1. Jerry Carlson | 2. Janet Hart |
| 3. Ernesto Jasso | 4. Diane Peterson |
| 5. Susie Peyton | 6. Kim Steinjann |
| 7. John Violet | |

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Notes to Program Statements
For the Year Ended June 30, 2015

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of accounting utilized in preparation of this report may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying program statement is not intended to present the financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

Revenue and expenditures incurred for Proposition 39/Measure A Bond proceeds are recorded on an accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when it is earned, not when the payment is received. Similarly, expenses are recognized when they are incurred, not when they are paid.

**SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS**

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Schedule of Findings and Recommendations
For the Year Ended June 30, 2015**

**** No findings or exceptions noted ****

**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 FINANCIAL 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, 2015.

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 financial 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 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 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 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.

C & A LLP

November 13, 2015
San Jose, California



**INDEPENDENT AUDITOR'S REPORT ON 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 Bond of the June 3, 2014 presidential primary 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.

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. The following summarizes specific procedures performed during our audit, but is not intended to be an all-inclusive list:

1. We verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
2. We tested payments made to the architectural service companies and reviewed the terms of the contract.
3. We tested approximately 82% of the 2014-15 expenditures to ensure they were valid, allowable and accurate.

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.



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, 2015.

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

November 13, 2015
San Jose, California