

SEQUOIA UNION HIGH SCHOOL DISTRICT

PROPOSITION 39/MEASURE A BOND

AUDIT REPORT

For the Year Ended June 30, 2016

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
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**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
For the Year Ended June 30, 2016**

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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, 2016.

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 budgeted and actual expenditures 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 February 23, 2017 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.

C & A UP

February 23, 2017
San Jose, California

PROGRAM STATEMENTS

**SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Statement of Budgeted and Cumulative Expenditures
For the Year Ended June 30, 2016**

Site	Project Description Summary	Sum of Adjusted Budget	Sum of Total Expended
Alternative Schools	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
	Myrtle St, New Gym	6,142,500	4,405,210
	Menlo Park High School	39,000,000	841,328
Alternative Schools Total		57,976,802	18,080,840
Carlmont	Architect Facilities Master Plan	102,160	102,160
	CHS Small Summer 2015 Projects	99,465	99,465
	Civil Infrastructure MEP upgrades	5,025,308	-
	Classroom Refresh	549,425	159,425
	Eating Areas- Site Furniture Addition	25,000	11,157
	EMS Upgrades	469,996	-
	EV charging Station	60,186	-
	Flooring Summer 2017	84,620	-
	Install back flow preventor at meter for entire site	85,000	-
	Kitchen, MUR, Lockers	3,603,000	801,958
	Replace Bleachers in Gym at Carlmont	255,000	214,070
	Weight Room	1,108,842	126,756
	Windows and Misc Upgrades	1,769,804	-
	New 10 Clsrn Bldg, S-Wing Increment #1	6,449,248	6,449,248
	New 10 Clsrn Bldg, S-Wing Increment # 2	15,049,622	2,829,998
B-9 main proj in Fund 25	91,000	-	
Carlmont Total		34,827,676	10,794,237
District Facilities	CEQA Consul Initial Planning	5,275	5,275
	District Fee's, Services	14,999	14,999
	Executive Facilities Master Plan	270,000	256,029
	Staff, Consultants	4,156,581	844,456
	In-House Project Managers	100,000	202
	Constructability/commissioning review phase I	129,550	29,310
District Facilities Total		4,676,405	1,150,271
District-Wide	Adult School (Tech)	47,676	7,676
	Charging Cabinet Tower	178,583	18,583
	Digital Educator Lab	234,117	54,117
	District Refresh	79,567	19,567
	EPAA Refresh FY 16-17	100,000	-
	Floor Replacement	115,254	115,254
	Flooring FY 16-17 CHS and Adult School	35,000	13,748
	Flooring FY 16-17 M-A, SHS, WHS	105,000	-
	Independent Studies (Tech)	8,000	-
	LAN Upgrades, Switchgear/Power over Ethernet (POE)	1,248,476	64,476
	Middle College (Tech)	30,462	12,462
	Project Management for Capital Repair	759,681	11,046
	Roof Replacement	1,320,000	1,217,626
	Tech Maintenance FY 15 to FY 18	425,291	42,678
	Trace (Tech)	6,000	-
	Uninterruptible Power Supply (UPS) Upgrades	346,155	184,155
	Upgrade Older Access Points	401,950	49,950
	Video Surveillance Refresh	468,362	88,362
HVAC Controls DW Misc	100,000	22,126	
District-Wide Total		6,009,574	1,921,826
Menlo Atherton	Architect Facilities Master Plan	137,534	137,534
	Ayer's Gym Generator Replacement	80,000	63,737
	Civil Infrastructure MEP upgrades	3,099,841	-
	Classroom Refresh	539,805	149,805
	EV charging Station	60,186	-
	Flooring Summer 2017	84,620	-
	Guidance Office Expansion	1,342,067	800,297
	M-A Turf and Practice Field Lights	2,000,000	-
	Misc Upgrades	492,999	-
	Roofing FY16-17	138,650	177
	Tree Mitigation	16,370	16,370
	Interim Housing, 12 Modulares	1,724,108	1,530,590
	Six Clsrn Lab Bldg	17,093,573	768,784
	New 21 Clsrn Bldg G-Wing	27,360,494	10,706,152
Menlo Atherton Total		54,170,247	14,173,446

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 Year Ended June 30, 2016**

Site	Project Description Summary	Sum of Adjusted Budget	Sum of Total Expended
Redwood	Classroom Refresh	126,855	1,855
	Interim Housing Budget from DW Interim housing	1,999,905	762,641
	Replacement of Main Bldg, New Gym/Culinary Arts Facility	22,282,937	1,150,337
	Fifth Year Senior Clsrm	170,274	170,274
Redwood Total		24,579,971	2,085,107
Sequoia	Architect Facilities Master Plan	80,218	80,218
	Civil Infrastructure MEO upgrades	4,026,844	-
	Classroom Refresh	534,433	144,433
	EMS Upgrades	300,000	-
	EV charging Station	43,329	-
	Flooring Summer 2017	76,639	-
	HVAC Initial Study	28,043	28,043
	Install Storm Drain & Gas Line at Tea Garden	380,000	103,167
	Misc Upgrades	475,004	-
	Music Building	3,527,120	252,833
	New 10 Clsrm Bldg, A-Wing Increment # 2	9,396,373	3,933,426
	New Culinary Art and Room 128 Renovation	2,433,743	1,882,820
	Pool Lights and Canopy	400,000	-
	Practice Field Lights	2,200,000	-
	Re-shingle Tea Garden	21,021	21,021
	Room 128 & 130 Conversion	177,439	177,439
	Senior Parking Lot	50,000	4,364
	SHS Library	500,000	-
	Tea Garden Renovation	525,650	115,750
	Widening Driveway	3,850	3,850
New Science Clsrm	110,943	110,943	
New 10 Clsrm Bldg, A-Wing Increment # 1	3,227,361	3,227,361	
Sequoia Total		28,518,010	10,085,668
Woodside	Architect Facilities Master Plan	102,121	102,121
	B-Wing Heating Upgrades	571,120	-
	Canopy Roof	85,004	-
	Civil Infrastructure and MEP Upgrades	3,819,629	-
	Civil Upgrades	4,395,160	-
	Classroom Refresh	535,949	145,949
	Energy Management Upgrades	280,015	-
	Flooring Sumer 2017	84,620	-
	Flooring Summer 2018	84,620	-
	Food Svc and Cafeteria	2,862,000	132,313
	Mental Health Office and Reception	800,000	-
	New Culinary Arts Facility	1,200,000	-
	Pool Lights	500,000	-
	Roofing FY 16-17	124,950	177
	Sport Facilities Upgrades	100,004	-
	Repair/Replace Football Bleachers	3,754,000	1,021,677
	Storm Drain at G-Wing	36,000	21,556
New 10 Clsrm Bldg, J-Wing	16,641,007	2,960,594	
Woodside Total		35,976,199	4,384,387
Grand Total		\$ 246,734,884	\$ 62,675,782

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, 2015 through June 30, 2016**

Site	Project Description	Total
Alternative Schools	Menlo Park High School	\$ 811,013
	Myrtle St, New Gym	3,717,298
Alternative Schools Total		4,528,311
Carlmont	CHS Small Summer 2015 Projects	99,465
	Classroom Refresh	99,192
	Eating Areas- Site Furniture Addition	11,157
	Kitchen, MUR, Lockers	801,958
	New 10 Clsrm Bldg, S-Wing Increment # 2	2,478,022
	New 10 Clsrm Bldg, S-Wing Increment #1	5,666,811
	Replace Bleachers in Gym at Carlmont	200,425
	Weight Room	126,756
Carlmont Total		9,483,786
District Facilities	Constructability & commissioning review phase I	18,318
	District Fee's, Services	14,999
	Executive Facilities Master Plan	385
	In-House Project Managers	202
	Staff, Consultants	611,872
District Facilities Total		645,776
District-Wide	Charging Cabinet Tower	18,583
	Digital Educator Lab	21,738
	District Refresh	19,567
	Floor Replacement	90,745
	Flooring FY 16-17 CHS and Adult School	13,748
	HVAC Controls DW Misc	22,126
	LAN Upgrades, Switchgear/Power over Ethernet (POE)	12,216
	Middle College (Tech)	12,462
	Project Management for Capital Repair	11,046
	Roof Replacement	497,411
	Tech Maintenance FY 15 to FY 18	42,678
	Uninterruptible Power Supply (UPS) Upgrades	142,077
	Upgrade Older Access Points	49,725
Video Surveillance Refresh	88,133	
District-Wide Total		1,042,255
Menlo Atherton	Ayer's Gym Generator Replacement	63,737
	Classroom Refresh	110,521
	Guidance Office Expansion	789,785
	Interim Housing, 12 Modulars	1,121,099
	New 21 Clsrm Bldg G-Wing	9,451,595
	Roofing FY16-17	177
	Six Clsrm Lab Bldg	756,764
	Tree Mitigation	16,370
Menlo Atherton Total		12,310,048
Redwood	Classroom Refresh	1,855
	Interim Housing Budget from DW Interim housing	762,641
	Replacement of Main Bldg, New Gym/Culinary Arts Facility	1,098,718
Redwood Total		1,863,214

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, 2015 through June 30, 2016**

Site	Project Description	Total
Sequoia	Classroom Refresh	105,716
	HVAC Initial Study	28,043
	Install Storm Drain & Gas Line at Tea Garden	80,243
	Music Building	252,833
	New 10 Clsrm Bldg, A-Wing Increment # 1	2,527,881
	New 10 Clsrm Bldg, A-Wing Increment # 2	3,720,675
	New Culinary Art and Room 128 Renovation	1,882,820
	New Science Classroom	88,493
	Re-shingle Tea Garden	820
	Room 128 & 130 Conversion	136,056
	Senior Parking Lot	4,364
	Tea Garden Renovation	115,750
	Widening Driveway	3,850
Sequoia Total		8,947,544
Woodside	Classroom Refresh	133,654
	Food Svc and Cafeteria	132,313
	New 10 Clsrm Bldg, J-Wing	2,626,165
	Repair/Replace Football Bleachers	1,021,677
	Roofing FY 16-17	177
	Storm Drain at G-Wing	5,236
Woodside Total		3,919,222
Grand Total		\$ 42,740,156

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 Year Ended June 30, 2016**

NOTE 1 - 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.

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, 2016:

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
PROPOSITION 39/MEASURE A BOND
Notes to Program Statements
For the Year Ended June 30, 2016

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, 2016**

**** 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, 2016.

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

February 23, 2017
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 2015-16 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, 2016.

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

February 23, 2017
San Jose, California