

Mountain View Whisman School District
Measure G Bond Oversight Committee
Regular Meeting

31 January 2017, **6:30pm**, Staff Room (In Main Office building)
Castro/Mistral Elementary Schools, 505 Escuela Avenue

1. Call to Order

2. Roll Call

2.1 Bond Oversight Committee Members

Betsy Fowler	Cleave Frink
Marlie Jacobs	Joey Mercer
Hafsa Mirza, Chair	Braid Pezzaglia
Uma Srinivasan	Fiona Walter

3. Approval of Agenda

- 3.1 Action Item: It is recommended the Bond Oversight Committee approve the agenda as presented.

4. Approval of Minutes

- 4.1 Action Item: It is recommended the Bond Oversight Committee approve the minutes of April 26, 2016.

5. Statements

- 5.1 Public Statements not related to agenda items

6. Follow Up to Past Items/New Business

- 6.1 2015-2016 Financial and Performance Audit
Staff will present the 2015-2016 Measure G Bond Financial and Performance Audit for review and discussion.

Information Item: It is recommended the Bond Oversight Committee receive and discuss the 2015-2016 Audit report.

- 6.2 2015-2016 Annual Report to Board of Trustees
The tentative schedule is for the BOC to present the Annual Report to the Board of Trustees at the February 16, 2017 board meeting.

Action Item: It is recommended the Bond Oversight Committee discuss the components of the Annual Report and take action to draft, submit and present to the Board of Trustees.

7. Project Status

- 7.1 MWSD Staff will provide update on the status of all current and future Measure G building projects in the district.

Information item: It is recommended the Bond Oversight Committee receive the information presented.

8. Budget Review

- 8.1 MVWSD Staff will present the Measure G bond funds spent to date, including a review of the Master Budget Allocation Summary (BAS).

Action Item: It is recommended the Bond Oversight Committee accept the expenditures outlined.

9. Future Agenda Items Requested by BOC Members

9.1

10. Adjournment

11. Property Tour

- 10.1 Property Tour – At future meetings, the Bond Oversight Committee will tour the host school's bond projects, both completed and in progress.

List of Future Meeting Dates and Locations

May 9, 2017 Crittenden Middle School

(DRAFT)

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MEASURE G BOND OVERSIGHT COMMITTEE (BOC)
Minutes for regular meeting, October 11, 2016**

Members Present: Marlie Jacobs; Joey Mercer; Braid Pezzaglia; Hafsa Mirza, Chair.

Staff Present: Dr. Robert Clark, CBO; Mary Ann Duggan, Director, Capital Projects.

Note: The meeting was scheduled to begin at 6:30pm. There was not a quorum of four members at this time. The meeting started as an unofficial meeting, then was called to order as an official meeting when four members were present.

1. Project Status

Mary Ann Duggan provided an update on the status of all current and future Measure G building projects in the district. Please see PowerPoint presentation, titled "Measure G Bond Program Update for Bond Oversight Committee", dated October 11, 2016.

2. Call to Order:

Meeting was called to order at 7:01pm by Hafsa Mirza, Chair.

3. Community comments:

There were no community comments.

4. Approval of Agenda for 10/11/16 meeting:

Minutes for October 11, 2016 meeting approved as presented (MSC* Pezzaglia/Mercer).

5. Approval of Minutes for 4/26/16 meeting:

Minutes of April 26, 2016 meeting approved as presented (MSC* Pezzaglia/Mercer).

*MSC: Motion Seconded and Carried

(DRAFT)

(DRAFT)

6. Meeting dates:

October 11: District Office

January 31: Castro/Mistral Elementary Schools

May 9: Crittenden Middle School (new Classroom/Library building)

Dates and locations for the 2016-2017 BOC meetings approved as presented.
(MSC Pezzaglia/Mercer).

7. Membership roster:

Criteria for membership on a bond oversight committee reviewed.

As of the time of the Oct. 11, 2016 meeting, the BOC lacked members in two categories: a member active in a senior citizen's organization, and a member in a bona-fide taxpayers association.

There is a prospective member of a senior citizen's organization.

The district office will make efforts to recruit members in both categories.

No action by BOC.

8. Bond Revenues and Expenditures:

Robert Clark presented to the BOC regarding bond revenues and expenditures.

Please see Agenda Packet for 10/11/16 meeting: documents titled "Fund 21-Measure G Bond Program Actual Revenues and Expenditures by Site/School" (dated Sept. 30, 2016), and "MVWSD Measure G Bond Program Master Budget Allocation Summary (BAS)" (dated Sept. 15, 2016).

Certificate of Participation (COP) funds will not go into Measure G. Going forward, itemized budgets will classify each item as COP or Measure G, to avoid co-mingling of funds.

9. Adjournment:

Meeting was adjourned at 8:07pm.

(DRAFT)

Mountain View Whisman School District

Measure G Bond Program Financial and Performance
Audit Report 2015-2016

Board Presentation
5 January 2017

Independent Auditors' Report

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure G Bond Building Fund of Mountain View Whisman School District as of June 30, 2016 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.

Unmodified Opinion

Other Opinions

- Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance
 - **Unmodified**
- Independent Auditors' Report on Performance
 - **Unmodified**
 - **District complied with the compliance requirements of Measure G**

Procedures Performed for Opinion on Performance

- Facility Site Walk: Verify that expenditures for Measure G resulted in completed projects or advanced into the next year
 - Toured Crittenden Middle School & Graham Middle School
- Test of Expenditures: Verify expenditures are in line with the ballot language approved by voters
 - Tested expenditures total \$9.2 million (75% of 2015-16 expenditures)

Procedures Performed for Opinion on Performance

- Test of Contracts and Bid Procedures
 - Formal Bidding Procedures
 - Graham Middle School Auditorium & Site Improvements
 - Crittenden Middle School New Library, Auditorium & Site Improvements

Findings

- There were no findings in 2015-16

**MEASURE G BOND BUILDING FUND OF
MOUNTAIN VIEW WHISMAN
SCHOOL DISTRICT**

**FINANCIAL AND PERFORMANCE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING
JUNE 30, 2016**

Proposition 39 was enacted by the voters on November 7, 2000, and changed the required majority for local voter approval of 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 5, 2012, 67.58% of local voters passed Measure G, which generates funding to provide safe, efficient, and modern facilities for Mountain View Whisman School District students and staff. The approval percentage was the highest in Santa Clara County and the 4th highest of the 34 school bond measures in the State of California.

Measure G will generate up to \$198 million to repair, upgrade and expand our local schools. Funds will be generated through the sale of general obligation bonds, which will be repaid through assessments on residential and commercial property located within the Mountain View Whisman School District. The annual cost to local property owners is limited to \$30 per \$100,000 of assessed property value.

All projects funded by the issuance of Measure G 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.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING, continued
JUNE 30, 2016**

The Citizens' Oversight Committee was comprised of the following members as of June 30, 2016:

Name	Title	Representation
Fiona Walter	Chair	Business Representative
Christi Opitz	Vice Chair	Parent
Peter Pirnejad	Secretary	Member at Large
Juan Aranda	Member	Senior Citizen
Cleave Frink	Member	Parent Active in Parent/Teacher Organization
Braid Pezzagli	Member	Parent
Thida Cornes	Member	Member at Large
Marlie Jacobs	Member	Member
Joey Mercer	Member	Member
Hafsa Mirza	Member	Member
Vacant*	Member	Taxpayer Organization Member

*District is actively seeking a member of a taxpayer organization.

INDEPENDENT AUDITORS' REPORT

Governing Board Members and
Measure G Citizens' Oversight Committee
Mountain View Whisman School District
Mountain View, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund of Mountain View Whisman School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Auditor's Responsibility (continued)

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

As discussed in Note 1A, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure G Bond Building Fund general obligation bonds as issued by the District, through the County of Santa Clara, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure G Bond Building Fund of Mountain View Whisman School District as of June 30, 2016 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Measure G Bond Building Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Measure G Bond Building Fund'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 November 28, 2016 on our consideration of the Measure G Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2016 should be considered in assessing the results of our financial audit.

Christy White Associates

San Diego, California
November 28, 2016

FINANCIAL SECTION

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2016**

ASSETS	
Cash in county treasury	\$ 158,671,433
Accounts receivable	169,516
Prepaid expenditures	8,017
Due from other funds	<u>7,429,279</u>
Total Assets	\$ <u>166,278,245</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 1,230,864</u>
Total Liabilities	<u>1,230,864</u>
 Fund Balance	
Restricted for capital projects	<u>165,047,381</u>
Total Liabilities and Fund Balance	\$ <u>166,278,245</u>

The accompanying notes to financial statements are an integral part of this statement.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

REVENUES	
Interest income	\$ 286,690
Other local income	300
Other transfers	4,630
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Total Revenues	291,620
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EXPENDITURES	
Facilities acquisition and construction	11,909,265
Debt service	348,000
	<hr/>
Total Expenditures	12,257,265
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,965,645)
	<hr/>
OTHER FINANCING SOURCES	
Proceeds from long-term debt	148,000,000
	<hr/>
Total Other Financing Sources	148,000,000
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Net Change in Fund Balance	136,034,355
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Fund Balance, July 1, 2015	29,013,026
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Fund Balance, June 30, 2016	\$ 165,047,381
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The accompanying notes to financial statements are an integral part of this statement.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Mountain View Whisman 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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades TK-8 as mandated by the state. The District is located at the southern tip of the San Francisco Bay and is comprised of eight elementary and two middle schools.

On June 5, 2012, the District voters authorized up to \$198 million in general obligation bonds ("Measure G") to repair, upgrade, and expand local schools. Fund will be generated through the sale of general obligation bonds, which will be repaid through assessments on residential and commercial property located within the Mountain View Whisman School District. The annual cost to local property owners is limited to \$30 per \$100,000 of assessed property value.

An advisory committee to the District's Governing Board and Superintendent, the Measure G Citizens' Oversight Committee ("COC") was established pursuant to the requirements of state law and the provisions of Measure G. The purpose of the COC is to inform the public concerning the use of bond proceeds. The COC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The COC provides oversight and advises the public as to whether the District is spending the Measure G Bond Building Fund for school capital improvements within the scope of projects outlined in the Measure G Bond Building Fund Project List. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure G activity.

The statements presented are for the individual Measure G Bond Building Fund of the District, consisting of the net construction proceeds of Measure G general obligation bonds as issued by the District, through the County of Santa Clara, and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Accounting Policies

The District accounts for its 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").

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions 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.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the Measure G Bond Building Fund maintains its cash in the Santa Clara County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's Governing Board must adopt a 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 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 account.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure G Bond Building Fund is considered restricted.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2016 consist of the following:

Cash in county treasury	\$	158,671,433
Total cash and investments	\$	<u>158,671,433</u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. The table below identifies examples of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Santa Clara County Investment Pool with a fair value of approximately \$158,671,433 and an amortized book value of \$158,671,433. The weighted average maturity for this pool as of June 30, 2016 is 439 days.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Per County investment policy, the investments within the Santa Clara County Investment Pool are rated A or higher by Moody’s Investors Service.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Clara County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District’s fair value measurements at June 30, 2016 were as follows:

	Fair Market Value of Investments	
	Uncategorized	
Investment in county treasury	\$	159,158,731
Total fair market value of investments	\$	159,158,731

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of \$169,516 from other local sources.

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due From/Due to)

As of June 30, 2016, \$7,429,279 was owed by the Mountain View Whisman School District's General Fund to the Measure G Bond Building Fund.

NOTE 5 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2016 consisted of \$1,230,864 in construction related liabilities.

NOTE 6 – MEASURE G GENERAL OBLIGATION BONDS

Through elections, the District received authorization to issue general obligation bonds. The bonded debt is paid through the ad valorem property taxes through the Santa Clara County and the debt liability is carried on the Mountain View Whisman School District's Government Wide financial statements. Bond proceeds are used to build additional classrooms and to perform repair and renovations.

The following schedule summarizes the Measure G Bond Building Fund's outstanding General Obligation Bonds as of June 30, 2016:

Series	Year of Issue	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2016
					Outstanding July 01, 2015	Additions	Deductions	
2012 GOB Series A	2013	9/1/2040	3.0 - 4.0%	\$ 50,000,000	\$ 41,800,000	\$ -	\$ 325,000	\$ 41,475,000
2012 GOB Series B	2016	9/1/2042	2.0 - 5.0%	148,000,000	-	148,000,000	-	148,000,000
				\$ 198,000,000	\$ 41,800,000	\$ 148,000,000	\$ 325,000	\$ 189,475,000

In February of 2013, the District issued \$50,000,000 in General Obligation Bonds, Series A. The bond bears interest rates at 3 to 4% and matures on September 1, 2040.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 6 -- MEASURE G GENERAL OBLIGATION BONDS (continued)

The 2012 Series A general obligation bonds outstanding were as follows:

Election 2012, Series A			
Year Ended June 30,	Principal	Interest	Total
2017	\$ -	\$ 1,611,050	\$ 1,611,050
2018	-	1,611,050	1,611,050
2019	60,000	1,610,600	1,670,600
2020	155,000	1,608,600	1,763,600
2021	240,000	1,603,450	1,843,450
2022 - 26	2,850,000	7,765,650	10,615,650
2027 - 31	6,660,000	6,726,850	13,386,850
2032 - 36	12,010,000	4,883,750	16,893,750
2037 - 41	19,500,000	1,861,650	21,361,650
	\$ 41,475,000	\$ 29,282,650	\$ 70,757,650

In May of 2016, the District issued \$148,000,000 in General Obligation Bonds, Series B. The bond bears interest rates at 2 to 5 % and matures on September 1, 2042

The 2012 Series B general obligation bonds outstanding were as follows:

Election 2012, Series B			
Year Ended June 30,	Principal	Interest	Total
2017	\$ -	\$ 4,299,849	\$ 4,299,849
2018	4,020,000	5,448,969	9,468,969
2019	4,925,000	5,334,894	10,259,894
2020	140,000	5,258,919	5,398,919
2021	335,000	5,250,119	5,585,119
2022 - 26	6,515,000	25,610,144	32,125,144
2027 - 31	17,815,000	22,714,819	40,529,819
2032 - 36	33,100,000	18,213,116	51,313,116
2037 - 41	53,855,000	10,871,625	64,726,625
2042 - 43	27,295,000	877,900	28,172,900
	\$ 148,000,000	\$ 103,880,352	\$ 251,880,352

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2016**

NOTE 7 – MEASURE G BOND BUILDING FUND EXPENDITURES BY SITE

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2016:

<u>Project</u>	<u>Amount</u>
Bond Issuance Costs	\$ 348,000
Bubb School	192,515
Castro School	1,417,669
Huff School	207,393
Landels School	195,472
Monta Loma School	693,016
Slater School	43,608
Theuerkauf School	107,424
Districtwide	186,657
Crittenden Middle School	7,168,699
Cooper School	1,569
Graham Middle School	757,928
Stevenson School	103,157
Mistral School	834,158
	<u>\$ 12,257,265</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2016.

B. Construction Commitments

The Measure G Bond Building Fund had construction commitments of \$30,752,699 as of June 30, 2016.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Governing Board Members and
Measure G Citizens' Oversight Committee
Mountain View Whisman School District
Mountain View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure G Bond Building Fund, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure G Bond Building Fund'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 the Measure G Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure G Bond Building Fund'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 Measure G Bond Building Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
November 28, 2016

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board Members and
Measure G Citizens' Oversight Committee
Mountain View Whisman School District
Mountain View, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Objectives

In connection with our audit, we also performed an audit of compliance as required in the performance requirements for the Measure G Bond Building Fund for the fiscal year ended June 30, 2016. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure G Bonds were only used for the purposes set forth in the Measure G ballot language and not for any other purpose, such as teacher and administrative salaries.
- 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 improve learning and to accommodate growth in the District, with no funds expended on administrator salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure G projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure G funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the fiscal year 2015-16 financial statement balances for the Measure G Bond Building Fund are not materially misstated.

Results of Procedures Performed:

The result of our audit tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unmodified opinion was expressed on the financial statements.

Facilities Site Walk

Procedures Performed:

We performed a site walk to verify that Measure G Bond Building funds expended for the fiscal year ended June 30, 2016 were in accordance with ballot language and the facilities master plan. We toured two District construction sites where 2015-16 construction work occurred. The sites toured were Crittenden Middle School and Graham Middle School

Crittenden Middle School

We observed the work in progress for the Classroom & Library project at Crittenden Middle School. The contractor used was BHM Construction Inc. with an expected completion date of March 2017. We viewed the new building which featured a library on one side of the building and multiple classrooms on the other side of the building. We also noted one change order for the project regarding treatment of soil.

We also observed the auditorium's project at Crittenden Middle School. The auditorium is expected to be completed by March 2017. We viewed the exterior of the building and inquired of any unforeseen issues or any major setbacks of the project.

Graham Middle School

We toured the Auditorium Building and Innovation Center at Graham Middle School. The Auditorium is expected to be completed by March 2017 and its contract was awarded to BHM Construction Inc. Auditor viewed the progress of the auditorium building which is connected to the existing art building.

We also observed the innovation center which was completed during the 2015-16 fiscal year. During our tour, we viewed the two story building and noted that it is currently being used as math classrooms. The contractor was BHM Construction Inc., and per inquiry with the District, there were no major issues encountered during the construction of the innovation center.

Results of Procedures Performed:

Results of the site walks indicate that the major 2015-16 Measure G Bond Building Fund construction projects were successfully completed and closed out, or advanced into 2016-17 construction phases where applicable.

Test of Expenditures

Procedures Performed:

The following performance tests of expenditures and transfers were performed:

We tested expenditures to determine whether Measure G Bond funds were spent solely on voter and Board approved school facilities projects (as set forth in the District's Facilities Master Plan and the Measure G ballot measure language). The expenditure test included a sample of 15 payments totaling \$9.2 million, or approximately 75% of total Measure G expenditures for 2015-16.

Results of Procedures Performed:

We found all expenditures tested to be in compliance with the terms of the Measure G Bond ballot measure and applicable state laws and regulations, without exception. Furthermore, it appeared that the District's site projects were competitive in price with similar projects size and scope to other school construction bond programs included in our benchmarking.

Test of Contracts and Bid Procedures

Procedures Performed:

For the fiscal year ended June 30, 2016, we performed testing of two contracts to determine compliance with District policy and Public Contract Code provisions related to contracting and bidding:

Formal Bids

- Graham Middle School Auditorium & Site Improvements
Original Contract Award Amount: \$6,483,100

- Crittenden Middle School New Library, Auditorium & Site Improvements
Original Contract Award Amount: \$17,685,089

Results of Procedures Performed:

We found that the contracts tested above for bidding procedures followed proper bidding procedures and were awarded in all cases to the lowest responsible bidder.

In addition, we tested two change orders and determined the change orders were executed in accordance with District internal controls and were in compliance with applicable provisions of the Public Contract Code. Contracts tested with change orders included the projects listed above.

Moreover, we noted that no Measure G projects have a cumulative change order rate in excess of 10% of contract value.

Citizens' Oversight Committee

Procedures Performed:

In accordance with AB 1908 (Assembly Bill) and Ed Code Section 15278, the District is required to establish a bond oversight committee for Prop 39 bonds including one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers 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. The COC is to meet pursuant to Education Code Section 15280.

Results of Procedures Performed:

In our review of the minutes of the Citizens' Oversight Committee for Measure G, we found that there was adequate documentation of meetings held during fiscal year 2015-16. In addition, the District has submitted annual audit reports during the life of the Measure G Bond Building Fund. In our review of the composition of the committee, we noted that the District lacks a COC member that belongs to a taxpayer organization. However, the District is actively seeing membership of a taxpayer organization representative.

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, based on the fieldwork described above as well as the other tests that we conducted, the District complied with the compliance requirements for the Measure G Bond as listed and tested above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on accountability requirements pursuant to the passage of Proposition 39 and the enactment of AB 1908 (Chapter 44, Statutes of 2000). Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
November, 28 2016

FINDINGS AND RESPONSES SECTION

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Our tests resulted in no findings and recommendations related to the financial and performance audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2016.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

There were no findings related to the financial and performance audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2015.



Measure G Bond Program Update

Bond Oversight Committee

Castro/Mistral Staff Room
31 January 2017

Ongoing Construction - Crittenden



Auditorium - Exterior

Ongoing Construction - Crittenden



Auditorium - Entry

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3

Ongoing Construction - Crittenden



Auditorium - Seating Area

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4

Ongoing Construction - Crittenden



Library/Classroom Building - Courtyard

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Ongoing Construction - Crittenden



Library/Classroom Building - Courtyard

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Ongoing Construction - Crittenden



Library/Classroom Building – Innovation Center

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Ongoing Construction - Crittenden



Library/Classroom Building – Library

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Ongoing Construction - Crittenden



Creekside Trail/Track & Field – Tree Removal

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Ongoing Construction - Crittenden



Creekside Trail/Track & Field – Tree Removal

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10

Ongoing Construction - Graham



Auditorium - Exterior

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11

Ongoing Construction - Graham



Auditorium - Seating Area

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Ongoing Construction - Graham



Auditorium – Outdoor Stage

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Ongoing Construction – Castro/Mistral



Temporary Housing – The Village

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14

Ongoing Construction – Castro/Mistral



Temporary Housing – The Village

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Summer 2017 and School Year 2017-2018

- **Crittenden**
 - Creekside Trail and Track & Field (Mar-Dec 2017)
- **Graham**
 - Courtyard Plaza (Jun-July 2017)
- **Castro/Mistral**
 - Mistral Wings – Classroom Modernization (Jun-Aug 2017)
 - Castro School construction (Feb/Mar 2017 – Summer 2018)
 - Shared MUR and Library (Feb/Mar 2017 – Summer 2018)
 - Mistral kindergarten complex/frontage (Summer 2018)
- **Monta Loma**
 - MUR expansion (April/May 2017 – Sep 2017)
 - Classroom Modernization (Jun-Aug 2017)
 - **Potential** Admin/Staff and Canopy work in **Summer 2018**

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Summer 2017 and School Year 2017-2018

- **Stevenson**
 - Temporary housing (Jun-Aug 2017)
 - New school (Aug-Jun 2018)
- **Huff/Bubb/Landels**
 - New portables (Summer 2017)
 - MUR construction (Sep-Aug 2018)
- **Slater**
 - Site prep (late winter/early spring 2018)
 - School construction (Spring 2018-Summer 2019)
- **Theuerkauf**
 - MUR expansion (April/May 2018 – Sep 2018)
 - Classroom modernization (Summer 2018)

Questions, Discussion & Comments



Capital Projects Building Program

Budget Allocation Summary (BAS)

District **Mountain View Whisman School District**
 Site **All Sites**

Formulas to aid in understanding...
A - B = C

Revenue Resources
7,500,000
1,000,000
6,000,000
1,300,000
1,550,000
1,111,585
198,000,000
40,000,000
-

Date **31 January 2017 - BOC Meeting**

Shoreline-2015 ending bal \$7.5m (12/10 BOE direction) Tech Costs=\$7.05m
 Deferred Maintenance (Fund 14) (12/10 BOE direction)
 Developer Fees (Fund 25) (12/10 BOE direction)
 Projected: City contribution to Crittenden Track/Field Project
 Projected: City contribution to Crittenden Creekside Trail
 Bond proceeds beyond PAR; Interest earned to October 31,2016
 Measure G Bond; 2012
 Certificates of Participation (COP) November 2016

Building Program Funds Resources A **256,461,585**

Total one-time funding for Capital Projects Building Program

Project Type-Actual/Committed	Amount	Scope Included
1a Program Management	---	Greystone West fee: Elem-\$5.5m, MS- \$1.8m, Inc. in project cost
1b Staffing at District Office	1,040,775	1.0FTE Director/Capital Projects; 1.0FTE clerical/acct tech
1c Program Contingency	9,900,000	5% of Bond Authority; to decrease as life of bond nears end
2 Bubb Shade Structure	132,386	2012-2013: architect, installation, equipment
3 Crittenden - Phase I	5,080,079	Actual; Classroom Modernization
4 Crittenden - Phase II and Phase III	22,117,810	Bid amount; Library/Classroom Building and Auditorium
5 Crittenden - Track and Field	6,068,618	Projected; Full-sized track with synthetic field
6 Crittenden - Creekside Trail	1,454,788	Projected: Funded by City; revenue resource above; updated cost Jan2016
7 Graham - Phase I	9,221,830	Actual; Classroom Modernization
8 Graham - Phase 1.5, Phase II	9,099,231	Actual; MPR, Library, Staff room, New Classroom Building
9 Graham - Phase III	8,676,972	Bid amount; Auditorium
10 Graham - Phase IV	500,000	Projected; Site Improvements
11 Castro/Mistral	43,028,852	Projected; new construction and classroom modernization (Nov5 BOE action)
12 Furniture/Fixture/Equipment	250,000	Projected; for Castro/Mistral campus
13 Monta Loma - Phase I	3,331,774	Projected; MPR expansion
14 Monta Loma - Phase II	14,891,205	Projected; Classroom modernization
15 Furniture/Fixture/Equipment	40,000	Projected; Monta Loma campus
16 Slater New School Design Options	15,000	Projected; architectural conceptual designs services + reimbursables
17 Kitchen Renovations	500,000	Repairs/equipment at CR and GR; Assorted equipment district-wide
18 Transportation Yard/Building	500,000	Projected; displaced from new CR Auditorium
19 Furniture/Fixture/Equipment	200,000	Remaining elementary schools (HU,BU,LA,ST,TH)
20 Bubb	18,328,260	Current cost estimate (5% reduced budget of \$17,309,570)
21 Huff	17,697,383	Current cost estimate (5% reduced budget of \$16,879,054)
22 Landels	17,866,773	Current cost estimate (5% reduced budget of \$16,382,594)
23 ST/TH and PS/DO --- Option G	40,453,789	Option G: ST/TH and Preschool and DO combined project
24 Slater Elementary School	25,000,000	New elementary school at 450 capacity; modular construction
25		

Building Program Funds Expenditures B **255,195,505**

Both Actual, Committee, and Planned Expenses

Capital Projects Building Program Balance C **1,266,080**

Projects for the Future - Unfunded Scope

Shade structures at elementary sites	1,019,218	Bubb has existing structure; estimated at 7 elem sites at Bubb cost with 10% escalation
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