

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
("MEASURE G-OVERSIGHT COMMITTEE")**

AGENDA

**Tuesday, December 17, 2013
6:30 P.M.**

**Location Change – DO Conference Room (Holodeck Room)
750-A San Pierre Way**

- I. CALL TO ORDER AND COMMUNICATIONS 6:30**
A. Roll Call
B. Approval of Agenda
C. Community Comments
NOTE: The committee, in compliance with the Brown Act, is not permitted to take action on non-agendized items.
- II. REVIEW AND DISCUSSION 6:50**
A. Bond Audit
B. Review YTD Financials & 13-14 1st Interim Budget
C. Alternative Construction Delivery Methods (Board Meeting 13Nov07)
- III. CONSENT AGENDA 7:50**
A. Minutes of COC Meeting on Tuesday, September 24, 2013
- IV. ITEMS FOR FUTURE AGENDA ITEMS**
- V. FUTURE COC MEETING DATES**
A. 2013-14 Quarterly Meetings
1. March 25, 2014 – Status of Projects
2. June 24, 2014 – Budget
- VI. ADJOURNMENT 8:00**

Members (term/expires)

Juan Aranda (1-yr/Oct 29, 2016)	Charlie Durand (1-yr/Oct 29, 2016)	Phil Palmer – Ex-Officio
Jeremy Burns (2-yr/Oct 29, 2014)–V-Chair	Jessica Gandhi (2-yr/Oct 29, 2014)	Peter Pirnejad (3-yr/Oct 29, 2015)
Greg Coladonato (3-yr/Oct 29, 2015)–Chair	Terese McNamee–Staff	Fiona Walter (3-yr/Oct 29, 2015)–Sec
Dana Doctorow (1-yr/Oct 29, 2016)	Christi Opitz (2-yr/Oct 29, 2014)	

CC: Board of Trustees
Craig Goldman, Superintendent
Principals

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

**MEASURE G
BOND BUILDING FUND**

AUDIT REPORT

For the Year Ending June 30, 2013

* * *



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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
For the Year Ended June 30, 2013

Table of Contents

	<u>Page No.</u>
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 2
Financial Statements:	
Balance Sheet.....	3
Statement of Revenue, Expenditures and Changes in Fund Balance	4
Notes to the Basic Financial Statements.....	5 - 12
SUPPLEMENTARY INFORMATION:	
Program Statement:	
Statement of Cumulative Expenditures	13
Notes to Program Statement	14
Schedule of Findings and Recommendations	15
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 <i>Government Auditing Standards</i>	16 - 17
Independent Auditor's Report on Performance	18 - 19

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund of the Mountain View Whisman School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Mountain View Whisman School District's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure G Bond Building Fund of the Mountain View Whisman School



District, as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 1, the financial statements present only the Measure G Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Mountain View Whisman School District, as of June 30, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain View Whisman School District's basic financial statements. The Statement of Cumulative Expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Statement of Cumulative Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Cumulative Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated September 19, 2013 on our consideration of the Mountain View Whisman 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 Mountain View Whisman School District's internal control over financial reporting and compliance.

C & A LLP

September 19, 2013
San Jose, California

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Balance Sheet
June 30, 2013

ASSETS	
Cash in County Treasury	\$ 49,577,217
Accounts Receivable	49,114
Due From Other Funds	<u>250</u>
Total Assets	<u>\$ 49,626,581</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 1,112
Due to Other Funds	<u>10,464</u>
Total Liabilities	<u>11,576</u>
Fund Balance	
Restricted for Capital Projects	<u>49,615,005</u>
Total Liabilities and Fund Balance	<u>\$ 49,626,581</u>

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2013

REVENUES	
Interest Earnings	<u>\$ 94,218</u>
Total Revenue	<u>94,218</u>
EXPENDITURES	
Classified Salaries	12,005
Classified Benefits	8,760
Supplies and Materials	95
Contract Services	21,781
Capital Outlay	<u>440,966</u>
Total Expenditures	<u>483,607</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(389,389)</u>
Other Financing Sources (Uses)	
Proceeds From Sale of Bonds	50,000,000
All Other Financing Sources	<u>4,394</u>
Total Other Financing Sources	<u>50,004,394</u>
Net Change in Fund Balance	49,615,005
Fund Balance Beginning	<u>-</u>
Fund Balance Ending	<u><u>\$49,615,005</u></u>

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

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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).

B. Reporting Entity

The District services 70,000 residents and 4,800 students. The District is located at the southern tip of the San Francisco Bay and is comprised of seven elementary and two middle schools. The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

In 2012-13, an advisory committee to the District's Governing Board and Superintendent, called the Measure G Citizens' Bond Oversight Committee was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, reviewing project plans and budgets, and ensuring compliance with the conditions of Measure G.

The financial statements presented are for the individual Measure G Bond Building Fund and are not intended to be a complete presentation of the District's financial position on operations.

C. Basis of Presentation

Fund Financial Statements:

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

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances for the Measure G Building Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object.

F. 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. All encumbrances are liquidated on June 30.

G. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation except for non-interest bearing accounts which are completely insured.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the 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.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, equipment and construction in progress, are reported in the government-wide financial statements of the District but not include in the Measure G building fund. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost.

3. Deferred Revenue

Cash received for special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

4. Compensated Absences

A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

5. Long-Term Obligations

In the Measure G building fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

6. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.
- Unassigned includes positive fund balance that has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

7. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other school districts in the County to form the South Bay Area Schools Insurance Authority (SBASIA) and the Santa Clara County Schools Insurance Group (SCCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers' compensation, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SBASIA and SCCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

8. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2013, is as follows:

Deposit or Investment - Building Fund Only	Carrying Amount	Fair Value	Investment Rating
Cash in county treasury investment pool	\$ 49,577,217	\$ 49,619,258	Various

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

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.

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.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the Santa Clara County Investment Pool which had a fair value of approximately \$4.52 billion and an amortized book value of \$4.52 billion. The average weighted maturity for this pool is 374 days.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy, which is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County's investment policy limits all investments to the top three ratings issued by at least two of the nationally recognized statistical rating organizations (NRSRO).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is shown below:

Capital Assets	Balance			Balance June 30, 2013
	July 01, 2012	Additions	Deletions	
Work-in-progress - not depreciable	\$ -	\$ 385,264	\$ -	\$ 385,264
Equipment - depreciable	-	54,890	-	54,890
Total capital assets - net depreciation	\$ -	\$ 440,154	\$ -	\$ 440,154

NOTE 4 – MEASURE G GENERAL OBLIGATION BOND

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In February of 2013, the District issued \$50,000,000 in General Obligation Bonds, Series A, to finance constructions projects for facilities improvements. From the gross proceeds of \$52,623,484, which included a premium of \$2,848,484 net of an underwriting discount of \$225,000, net proceeds of \$52,148,484 (after payment of \$475,000 in issuance costs) was deposited with the County in the District's name. Of the net proceeds deposited, \$50,000,000 was recorded in the Measure G building and fund and \$2,148,484 was recorded in the bond interest and redemption fund. The bond bears interest at 3 to 4% and matures on September 1, 2040.

The following schedule summarizes District's Measure G general obligation bond as of June 30, 2013:

Bond	Original	Outstanding		Redeemed	Outstanding	Current
	Issue	July 01, 2012	Issued		June 30, 2013	
2012 GOB, Series A, Meas. G	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -	\$ 50,000,000	\$ 4,000,000

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Financial Statements
For the Year Ended June 30, 2013

The following is a summary of the Measure G bond annual debt service requirements as of June 30, 2013:

Year Ending June 30	Principal	Interest	Total
2014	\$ 4,000,000	\$ 1,796,320	\$ 5,796,320
2015	4,200,000	1,641,800	5,841,800
2016	325,000	1,615,925	1,940,925
2017	-	1,611,050	1,611,050
2018	-	1,611,050	1,611,050
2019-2023	1,235,000	8,000,450	9,235,450
2024-2028	4,200,000	7,437,250	11,637,250
2029-2033	8,585,000	6,113,250	14,698,250
2034-2038	14,725,000	3,816,250	18,541,250
2039-2040	12,730,000	693,350	13,423,350
Total Debt Service	\$ 50,000,000	\$34,336,695	\$84,336,695

NOTE 5 – COMMITMENTS

Through September 19, 2013, the District had encumbered \$3,855,346 of the Measure G proceeds that are budgeted to be spent on capital projects in the fiscal year ended June 30, 2014.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2013, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Statement of Approved Cumulative Expenditures
For the Year Ended June 30, 2013

Project	Project Code	Site				Total
		Bubb	Slater	Districtwide	Crittenden	
Facility Construction	085000	\$ -	\$ 27,445	\$ -	\$ -	\$ 27,445
Administration Management	085010	-	2,257	136,694	239,735	378,686
Auditorium	085015	-	-	-	-	-
Classroom Addition Based on 6	085020	-	-	-	-	-
Deferred Maintenance Projects	085025	-	-	-	-	-
Furniture, Fixtures and Equipment	085030	-	-	-	-	-
Kitchen Upgrades	085035	-	-	-	-	-
Modernize Classrooms	085040	-	-	-	-	-
Outdoor Improvements	085045	77,476	-	-	-	77,476
Pedestrian Safety/Parking	085050	-	-	-	-	-
Physical Education	085055	-	-	-	-	-
Program Reserve 5%	085060	-	-	-	-	-
Reconfigure Library	085065	-	-	-	-	-
Restrooms	085070	-	-	-	-	-
Security Upgrades	085075	-	-	-	-	-
Stem Labs	085080	-	-	-	-	-
technology & Data Infrastructure	085085	-	-	-	-	-
Admin. Office	085090	-	-	-	-	-
Total Expenditures		\$ 77,476	\$ 29,702	\$ 136,694	\$ 239,735	\$ 483,607

The notes to the supplementary information are an integral part of this statement.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Notes to the Supplementary Information
For the Year Ended June 30, 2013

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 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.

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 trustees, which met five times in the last fiscal year. The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2013:

Juan Aranda
Jeremy Burns
Greg Coladonato

Dana Doctorow
Charlie Durand
Christi Opitz

Jessica Gandhi
Peter Pirnejad
Fiona Walter

**SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS**

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
Measure G Bond Building Fund
Schedule of Findings and Recommendations
For the Year Ended June 30, 2013

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

**OTHER 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 G Citizens' Oversight Committee and
Governing Board Members
Mountain View Whisman 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 financial statements of the Measure G building fund of the Mountain View Whisman School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Mountain View Whisman School District's basic financial statements, and have issued our report thereon dated September 19, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mountain View Whisman School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mountain View Whisman School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mountain View Whisman 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 Mountain View Whisman School District's financial statements are free from material misstatement, we performed tests of its



INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

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

We were engaged to conduct a performance audit of the District's Measure G Bond Building Fund for the year ended June 30, 2013.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the following objectives:

1. The proceeds of the sale of the Proposition 39/Measure G Bonds were only used for the purposes set forth in the ballot Proposition and not for any other purpose, such as teacher and administrative salaries.
2. The Governing Board of the District, in establishing the approved projects set forth in the ballot Proposition, evaluated the remodeling, new construction and renovations of items which will relieve overcrowding, repair local schools and improve student safety conditions of the District.
3. The District complied with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with these requirements.

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

1. We verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
2. We selected four contracts and verified their compliance with the Public Contract Code bid requirements, and that their invoices were paid within the contract terms and with board approval.
3. We tested payments made to the architectural service companies and reviewed the terms of the contract.
4. We tested approximately 81% of the 2012-13 expenditures to ensure they were valid, allowable and accurate.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the



Chavan & Associates, LLP
Certified Public Accountants

District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express and opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure G General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

C & A LLP

September 19, 2013
San Jose, California

13-14 G.O. Bond Budget and YTD Financial
Nov. 30, 2013

	13-14 1st interim	13-14 Actual	encumb
<u>02 - Bubb</u>			
5 - Services		5	
6 - Capital		55,140	11,095
9010 - Local		55,145	11,095
085045 - Outdoor Improvements		55,145	11,095
02 - Bubb		55,145	11,095
<u>09 - Districtwide</u>			
2 - Classified Salaries	25,038	10,048	14,067
3 - Benefits	17,810	7,048	9,909
5 - Services		8,152	1,750
9010 - Local	42,848	25,248	25,725
085000 - Facility construction	42,848	25,248	25,725
2 - Classified Salaries		962	
3 - Benefits		86	
5 - Services		1,012	
9010 - Local		2,059	
085010 - Administration Management		2,059	
09 - Districtwide	42,848	27,308	25,725
<u>11 - Crittenden</u>			
5 - Services		6,163	
6 - Capital		169,265	2,004,435
9010 - Local		175,428	2,004,435
085010 - Administration Management		175,428	2,004,435
6 - Capital	780,000		7,250
9010 - Local	780,000		7,250
085015 - Auditorium	780,000		7,250
5 - Services		23,518	
6 - Capital	1,321,000		32,748
9010 - Local	1,321,000	23,518	32,748
085040 - Modernize Classrooms	1,321,000	23,518	32,748
6 - Capital		962	25,000
9010 - Local		962	25,000
085045 - Outdoor Improvements		962	25,000
6 - Capital	564,000		
9010 - Local	564,000		
085065 - Reconfigure Library	564,000		
6 - Capital	72,000		
9010 - Local	72,000		
085070 - Restrooms	72,000		
11 - Crittenden	2,737,000	199,908	2,069,433
<u>14 - Graham</u>			
5 - Services		4,717	
6 - Capital		436,384	1,297,189
9010 - Local		441,102	1,297,189
085010 - Administration Management		441,102	1,297,189
6 - Capital	780,000		7,250
9010 - Local	780,000		7,250
085015 - Auditorium	780,000		7,250
6 - Capital	466,000		
9010 - Local	466,000		
085020 - Classroom Addition Based on 6	466,000		

13-14 G.O. Bond Budget and YTD Financial
Nov. 30, 2013

	13-14 1st interim	13-14 Actual	encumb
6 - Capital	130,000		
9010 - Local	130,000		
085035 - Kitchen Upgrades	130,000		
4 - Supplies		9,574	
5 - Services		52,182	
6 - Capital	2,196,481	28,353	12,145
9010 - Local	2,196,481	90,109	12,145
085040 - Modernize Classrooms	2,196,481	90,109	12,145
6 - Capital		2,581	25,000
9010 - Local		2,581	25,000
085045 - Outdoor Improvements		2,581	25,000
6 - Capital	67,000		
9010 - Local	67,000		
085065 - Reconfigure Library	67,000		
6 - Capital	72,000		
9010 - Local	72,000		
085070 - Restrooms	72,000		
6 - Capital	300,775		
9010 - Local	300,775		
085090 - Admin. office	300,775		
14 - Graham	4,012,256	533,792	1,341,583

Mountain View Whisman School District

Agenda Item for Board Meeting of November 7, 2013

Agenda Category:	Review and Discussion
Agenda Item Title:	Alternative Construction Delivery Methods
Estimated Time:	10 minutes
Person Responsible:	Terese McNamee, Chief Business Officer

Background:

Traditionally design-bid-build construction delivery methods require public entities to select the lowest responsible bidder. There are a number of risk factors inherent in this process, including construction delays, aggressive change orders, excessive claims, and potentially unstable or unscrupulous contractors. The District is considering modifying the qualification screening process and reviewing alternative means of contracting.

The economic downturn has created a trend of general contractors seeking cost-cutting measures, including cutting back on adequate staffing at the sites and cutting back on efforts with regard to daily clean-up, safety prevention, dust control, project management, etc. In addition, general contractors often feel compelled at bid time to utilize very low subcontractor numbers in order to be competitive in the bid process. This frequently leads to subcontractors who go bankrupt, provide lower quality work, and/or seek unwarranted change orders. Regardless of the general contractor's obligation to manage these challenges, this process ultimately ends up costing the project more time and money and can dramatically influence quality.

The use of traditional delivery methods, together with properly managed screening and bidding procedures has been the District's most common methodology. However, to supplement this process and to have alternative methods for specific projects that are intricate or have critical path timing sensitivity, the District is considering ways to combine strategies and minimize the risks associated with construction methods.

The alternative means of delivering projects include the following:

- Multi-Prime
- Lease/Leaseback
- Design-Build

Using a Multi-Prime methodology, the construction manager can act as the general contractor and provide a superintendent to coordinate the trades. The construction manager works directly with the architect to define the trade packages for site work, general trades, electrical, mechanical, and plumbing. One example of this process was Greystone's completion of the standard classroom modernization mock up at Graham Middle School. Our construction manager was able to secure contracts directly with subcontractors who have adequate bonding capacity. This allowed the District to have more control and meet a tight schedule.

Contractors acting as primes are typically larger and more financially secure than those acting as subcontractors. Overall project quality is higher and warranty calls are more efficient without

multiple tiers. Multiple prime contracts does, however, increase the workload on District accounting staff, architects and project inspectors. Cost impact is typically negligible with a slight decrease in construction cost being offset by a slight increase in administration cost.

Lease/Leaseback is a second delivery method that has been in existence since the late 1990s. Through Lease/Leaseback, a selected general contractor acts as a developer, who provides the owner with the flexibility to choose from its list of prospective bidders and to take part in the selection of the prospective subcontractors. This method provides the owner with more control to select a reputable firm with a proven track record of success with budget, schedule, and high quality. The general contractor has greater flexibility than the hard bid process, but takes on the development risk for changes in pricing.

Contractor selection for Lease/Leaseback is somewhat subjective allowing references and financial condition to play a more significant role than it would in a standard prequalification process. Once a shortlist of candidates has been developed, the District can bid the proposed general conditions and fee to insure competition and then work with the selected contractor on an open book basis through subcontractor selection. Lease/Leaseback typically results in a slight higher initial cost that is offset by an overall reduction in change orders.

Design-Build allows the owner the flexibility to choose its list of prospective bidders and can be implemented at any stage of the design process. Contractors compete via a Request for Proposal process that allows the owner to choose the contractor based on price and value. The results with regard to budget and schedule have generally been positive.

As the District moves toward construction of projects at Crittenden and Graham Middle Schools, District administration will make specific recommendations regarding construction delivery methods for such projects.

Fiscal Implication:

None.

Recommended Action:

No action required.



Delivery Methods Fact Sheet

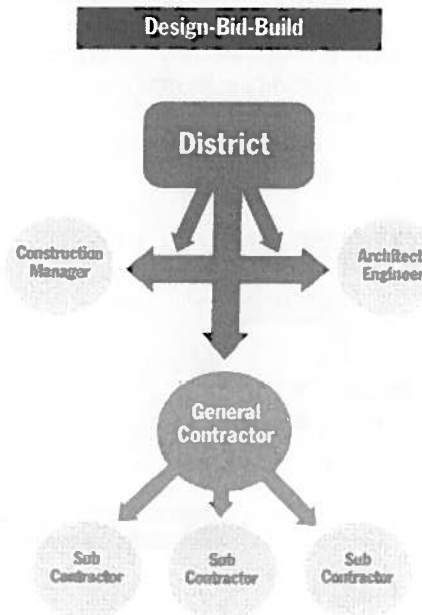
During the initial stages of preparing for any construction project, a district must select a delivery method which will match the school district's construction objectives. The delivery method will influence the planning, design and construction phases of a project. The decision of which delivery method to choose is wholly dependent on staff capacity, funds available, project timeline, and many other local considerations. When deliberating about various delivery methods, local governing boards should rely extensively on superintendent and staff recommendations based on previous district construction experiences; consult

legal counsel to ensure compliance with state and federal law; advice from the project manager (if applicable); and the experiences of other local school districts and public works projects.

Regardless of the delivery method chosen, a critical understanding of the district's options can enable the board to be resourceful and innovative with district funds. The purpose of describing these options is to provide governance leaders with a better context as they plan for and provide high-quality facilities. Listed below are the delivery methods most often utilized by California school districts.¹

Construction manager at-risk: A delivery method in which the construction manager makes a commitment to the school district to deliver a project within a guaranteed maximum price. The construction manager acts as consultant to the district in the development and design phases, but as the equivalent of a general contractor during the construction phase.²

Design-Bid-Build (DBB): When a school district uses DBB as a project delivery method, an architect is hired to create design documents from which general contractors will bid.

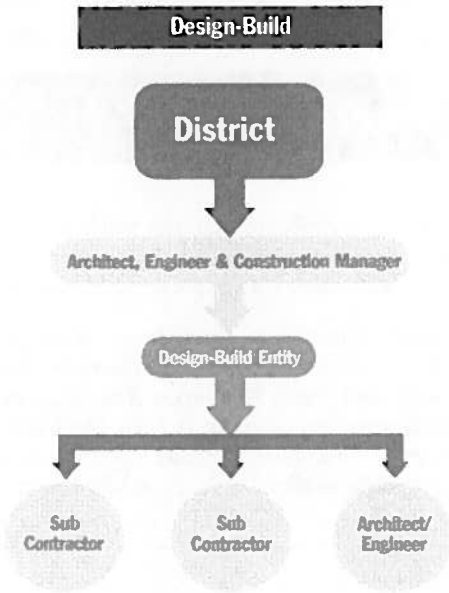


¹ If the school board is interested in other, additional delivery methods they should consult the project manager or appropriate district staff person.

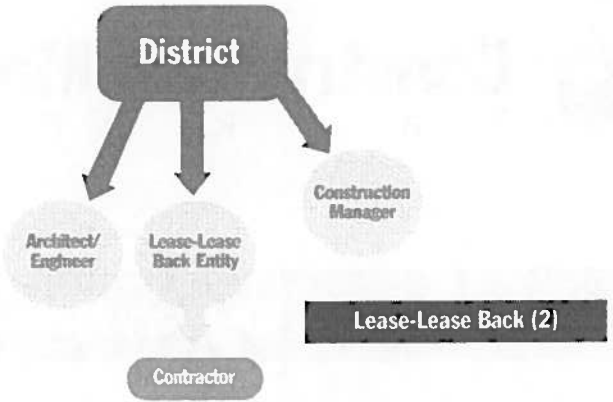
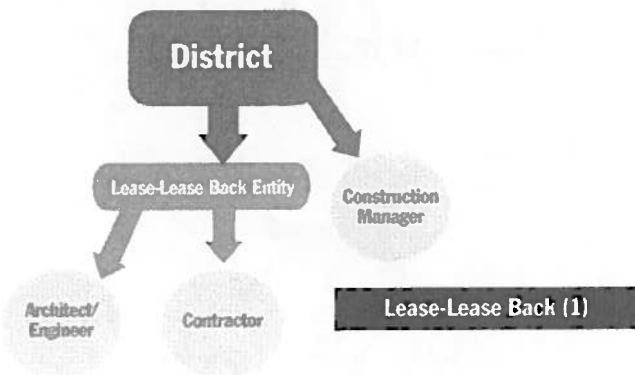
² Within the construction industry, there are differing opinions regarding the definition of this delivery method. For more information, please visit: http://cmaanet.org/user_images/forum/cm_at-risk_-_avoiding_conflicts_of_interest_-_kenig.pdf



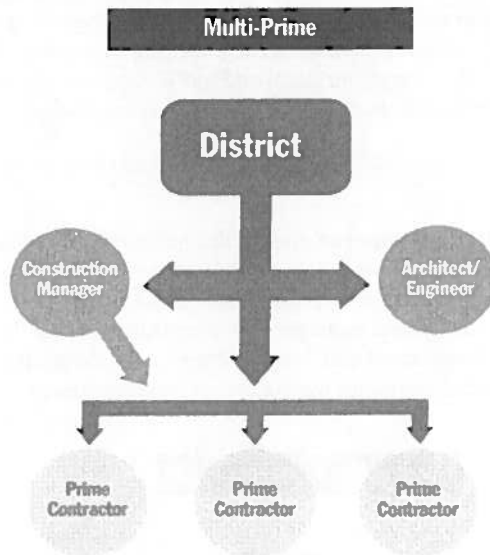
Design-Build (DB): A procurement process in which both the design and construction of a project are procured from a single entity contract.³ The award of the contract shall be made to the responsible bidder whose proposal is determined, in writing by the school district, to be the best value to the school district.⁴



Lease-Lease Back (LLB): This delivery method establishes a contract by which a district owns a piece of property and leases it for a nominal amount to an entity (typically a contractor) that will build a school on the site. That entity then leases the finished school and site back to the district for a specified period of time at a specified rental price. At the end of the lease, the school and site become property of the district. This delivery method does not require the selection of the lowest responsible bidder but does require that general prevailing rates will be paid.



Multiple prime contracts: Separate trade contractors deal/contract directly with the district (and/or construction manager) for specific and designated elements of the project.



Acknowledgements

ACCM Project Delivery Handbook: A Guide to California School and Community College Facility Delivery. A summary and overview of various delivery methods prepared by the Association of California Construction Managers and; Murdoch, Walrath and Holmes. For information about ACCM please contact, Ernest Silva, (916)441-3300, esilva@m-w-h.com

³ As defined in Education Code Section 17250.15. See Education Code Section 17250.10-17250.50 for more information.

⁴ Education Code Section 17250.25 c2B

⁵ Education Code Section 17406

⁶ Education Code Section 174.24

The California School Boards Association's Construction Management Task Force provides districts with policy briefs and fact sheets on construction related issues. District staff and Governing Boards should use this information as a resource when making local decisions. These documents are provided for informational purposes only and are not a substitute for legal advice from school districts legal counsel. Districts should obtain independent legal advice and review when necessary.

If you have any questions, please contact CSBA Policy Services at (800) 266-3382 or via e-mail policy@csba.org

Construction Management Task Force

Kerry Clegg, Chair

NSBA Director, Sulphur Springs Union ESD

Mark Cooper, Vice Chair

CSBA Director, Region 1, Lake COE

Jeanette Amavisca

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Juan Garza

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CSBA Director, Region 22, Lancaster ESD

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CSBA Delegate, Region 6, Sacramento City USD

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Steve Sturgeon

CSBA Delegate, Region 22, William S. Hart Union HSD

Shelly Yarbrough

CSBA Director-at-Large, American Indian, Val Verde USD



Mountain View Whisman School District
Independent Citizens' Oversight Committee
("Measure G Oversight Committee")
September 24, 2013

Meeting was called to order at 6:38 pm by COC Chair, Greg Coladonato.

I. A. Roll Call

- Present:
 - Members: Aranda, Burns, Coladonato, Durand, Gandhi, Opitz, Pirnejad, Walter
 - District staff: Terese McNamee, CBO
 - Other: Sheldon Chavan of Chavan & Associates, LLP (Auditor)
- Absent:
 - Members: Doctorow
 - Phil Palmer, Trustee, Ex-Officio Member
- No members of the public in attendance

I. B. Approval of Agenda

- No change to agenda.

I. C. Community Comments (Non-Agendized Items)

- None.

II. A. Design Update for Crittenden and Graham Middle Schools

- Construction phased in over three years; starting summer 2014
- Objective is least disruption to academic environment
- Phase I totals \$15.96 million (approved by board on 9/19/13); up \$368K from June largely due to changes in science wing at Graham
- Mock classroom open at Graham Thurs 26th for PTA meeting (6:30 pm)
- Details of Graham science wing and Crittenden music/art wing discussed as examples of projects in Phase I
- Fire sprinklers in new construction only; not retrofitting due to limited water capacity at each site
- Graham Library – existing library likely going to house programs like CHAC and other resource types of activities; also administrative staff
- More work at Graham in Phase I than Crittenden, but necessary due to more classroom modernization required (Crittenden had more done in 1998)

*MSC = Motion Seconded and Carried.

II. B. Review YTD Financials

- Working budget of \$6M was used as a place holder prior to actual approval by Board of Phase I. Will be updated for next meeting to include the break down of the \$16M actual expenses (which will get spread over the next two years).

II. C. Bond Audit

- Sheldon Chavan presented the draft audit findings for the FY 2012-13 ending June 30, 2013. Final (with very minor changes) will be available/presented to Board in December/January.
- No findings, unqualified audit.
- Page 13 needs to have different descriptions as these "buckets" do not align with our descriptions of bond activities (very difficult for committee to evaluate these expenditures).
- New draft expected within a couple of weeks.

III. A. Consent Agenda – Minutes of COC Meeting on June 25, 2013

- MSC* (Pirnejad/Gandhi) – consent agenda approved unanimously.

IV. Items for Future Agendas

- Audit (must approve final version at next meeting)
- Financials
- Renew three member's terms: Aranda, Doctorow, Durand (assuming written/email request to continue on the committee)

V. A. Future COC Meeting Dates (all Tuesdays)

- Dec 17, 2013 – Audit
- Mar 25, 2014 – Status of Projects
- June 24, 2014 – Budget

VI. Adjourned – 8:15 pm.

Respectfully submitted,

Fiona Walter,
COC Secretary

*MSC = Motion Seconded and Carried.