

**JEFFERSON UNION HIGH
SCHOOL DISTRICT
COUNTY OF SAN MATEO
DALY CITY, CALIFORNIA**

**MEASURE N GENERAL OBLIGATION
BOND PERFORMANCE AUDIT**

YEAR ENDED JUNE 30, 2012



Vargas and Company
certified public accountants

JEFFERSON UNION HIGH SCHOOL DISTRICT
Measure N General Obligation Bond Performance Audit
Year Ended June 30, 2012

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PERFORMANCE AUDIT REPORT

To the Board of Trustees of
Jefferson Union High School District
Daly City, California

We were engaged by the Jefferson Union High School District ("District") to conduct an independent performance audit of the District's Measure N – 2006 General Obligation Bonds, in accordance with the requirements of Article VIII A, Section 1(b)(3), of the California State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following). We examined the District's compliance with the requirements of Measure N as they apply to the bond project expenditures for the year ending June 30, 2012. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with such requirements thereof based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, based on our examination, the Jefferson Union High School District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2012.

This report is intended solely for the information and use of the Jefferson Union High School District, Board of Trustees, Independent Citizens' Oversight Committee, is not intended to be, and should not be used by anyone other than those specified parties.


San Jose, California
October 24, 2012

Bond Oversight Committee

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BOND OVERSIGHT COMMITTEE

<u>Name</u>	<u>Office</u>	<u>Representing</u>	<u>Term</u>	<u>Term Expires</u>
Marvin Morganti	Chairperson	Senior Citizens Organization	2 years	12/31/13
Diane Go	Vice Chair	Community at Large	2 years	12/31/13
Kevin Dever	Member	Community at Large	2 years	12/31/13
Bob McLennan	Member	Business	2 years	12/31/13
Rolito Recio	Member	Community at Large	2 years	12/31/13
Jean Brink	Member	Community at Large	2 years	12/31/12
Robert Fishtrom	Member	Parent/PTA	2 years	12/31/13
Jeffrey Cooper	Member	Parent/PTA	2 years	12/31/13
vacant	Member	Taxpayer Association	1 year	

Performance Audit

JEFFERSON UNION HIGH SCHOOL DISTRICT
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I. BACKGROUND

A. Legislative History

On November 2006 at least 55% of California voters approved Measure N which authorized the Jefferson Union High School District (the "District") to issue and sell bonds of up to \$136.9 million in aggregated principal and interest rates below the legal limit and to provide financing for the specific school facilities projects listed in the bond project list, subject to all the accountability requirements specified below.

Expenditures to address specific facilities needs of the District will be in compliance with the requirements of Article XIII A, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following).

As required by Article XIII A of the California Constitution, the Board of Trustees of the District has certified that it has evaluated safety, class size reduction and information technology needs in developing the list of school facilities projects.

The School Board shall establish an Independent Citizens' Oversight Committee to ensure bond proceeds are expended only on the specified school facilities projects. Annual, independent performance and financial audits are to be performed to ensure compliance to the accountability requirements of Measure N.

B. Bonds Issued and Expended

The District issued the 2006 General Obligation Bonds: Series A for \$50,000,000 in April 2007; Series B for \$17,998,936.60 in July 2009; Series C for \$12,000,000 in April 2010; and Series D for \$14,999,736.85 in January 2011. For the year ending June 30, 2012, the project expenditures amounted to \$12,184,058.

II. PERFORMANCE AUDIT

A. Methodology

We performed the agreed upon procedures as required by Measure N on the bond expenditures for the fiscal year ending June 30, 2012.

B. Expenditures Audited

We tested 37 project expenditures incurred during the fiscal year. This sample selection represents 62% of the total project expenditures for the year.

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C. Agreed Upon Procedures

- Determine the creation of an Independent Citizen’s Oversight Committee by the Board of Trustees (the “Board”).
- Review the Board’s certification of its evaluation of the safety, class size reduction and information technology needs in developing the list of school facilities projects.
- Determine the creation of a building fund in which the bond proceeds were deposited.
- Confirm that the annual report submission on the bond proceeds status:
 - Filed no later than January 1 of each year
 - Annual amount of proceeds:
 - received
 - expended
 - Status of any project funded or to be funded from the proceeds
- Verify that none of the bond proceeds were used for administrator salaries or other school operating expenses.
- Renovation & Repair of Existing Schools & Facilities – Perform testing that the bond proceeds were expended to:
 - Modernize
 - Replace
 - Renovate
 - Construct
 - Equip
 - Furnish and
 - Otherwise improve the facilities of the District at the Measure N specified locations:
 - Jefferson High School
 - Oceana High School
 - Terra Nova High School
 - Thornton High School
 - Westmoor High School
- Include all related & incidental costs, including:
 - Design
 - Engineering
 - Architect and other professional services
 - Site preparation
 - Utilities
 - Landscaping and other incidental costs
 - Construction management
- Project shall include but not limited to:
 - Improve access to computers & modern technology by:
 - Provide additional computers
 - Upgrade electrical & technological systems
 - Make health & safety improvements, including:
 - Removal of asbestos and other hazardous materials

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- Upgrades for fire sprinkler systems
- Fire suppression systems
- Fire alarms
- Intrusion alarms
- Camera surveillance systems
- Structural upgrades to improve building earthquake resistance
- Safety lighting for walkways & parking areas
- Improved fencing & gates
- Renovate and replace plumbing systems, including:
 - Restroom facilities
 - Water
 - Sewer & gas systems
 - Outdated drinking fountains
- Upgrade electrical systems, including:
 - Power
 - Lighting
 - Communication
 - Low voltage systems
- Modernize and upgrade classroom interiors, including:
 - Doors & door hardware
 - Cabinetry
 - Sinks
 - Ceilings
 - Walls
 - flooring
- Replace & upgrade heating, ventilation, air conditioning (HVAC) and exhaust systems
- Upgrade systems to improve energy efficiency, including:
 - New energy management systems
 - New windows
 - Insulation and weather proofing
- Make improvements to comply with American with Disabilities act (ADA), including:
 - Improving stairs and ramps
 - Parking
 - Sidewalks
 - Restrooms
- Repair & replace:
 - Roof
 - Gutters
 - Roof drains
 - Downspouts

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- Upgrade & renovate athletic facilities and playfields, including:
 - Courtyards
 - Tracks
 - Play courts
 - Swimming pools
 - Pool buildings
 - Pool filtration
 - heating systems
 - Lockers
 - Locker room facilities
 - Indoor & outdoor bleachers
 - Concession stands
 - Announcer's booth
 - Field storage
- Repair and renovate school facility and classroom exteriors, including:
 - Storm drains
 - Irrigation
 - Landscaping
 - Signage
 - Marquees
 - Trash and utility enclosures
- Modernize, expand, and upgrade other student support facilities
- Acquisition & Construction of New School Facilities – Perform testing that the bond proceeds were expended to:
 - Construct new classrooms, libraries, and other educational facilities, including:
 - Site improvements
 - Acquisition of furniture and equipment
 - Science and technology upgrades
 - Facility replacement and new construction shall include but not be limited to:
 - Construct and upgrade science and computer labs to meet current standards
 - Build new libraries/media centers to accommodate a larger student population
 - Provide new classrooms including vocational classrooms to reduce student overcrowding
 - Construct and expand additional student support facilities including:
 - Kitchen
 - Multi-purpose spaces
 - Exterior covered walkways
 - Exterior covered lunch structures
 - Theaters
 - Gymnasiums

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D. Conclusion

Based upon the audit procedures performed, we found that for items tested, the District has met the accountability requirements of Measure N and no exceptions have been identified.

Appendix – Measure N

BALLOT MEASURE FULL TEXT OF MEASURE

To construct, acquire, renovate and upgrade classrooms and school facilities including science and computer labs, libraries, and other educational facilities throughout the District; increase access to computers and modern technology; and improve student safety and handicap accessibility; shall the Jefferson Union High School District be authorized to issue \$136,900,000 of bonds within legal interest rates, with annual audits and an independent citizens' oversight committee, with all funds spent locally and no bond money for administrative salaries?

BOND AUTHORIZATION

By approval of this proposition by at least 55 percent of the registered voters voting on the proposition, the District will be authorized to issue and sell bonds of up to \$136.9 million in aggregated principal at interest rates below the legal limit and to provide financing for the specific school facilities projects listed in the Bond Project List described below, subject to all the accountability requirements specified below.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers in the District may be assured that their money will be spent wisely. Expenditures to address specific facilities needs of the District will be in compliance with the requirements of Article XIII A, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

Evaluation of Needs. The School Board has identified detailed facilities needs of the District and has determined which projects to finance from a local bond at this time. The School Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List shown below.

Independent Citizens' Oversight Committee. The School Board shall establish an Independent Citizens' Oversight Committee under Education Code Section 15278 and following to ensure bond proceeds are expended only on the school facilities projects listed below. The committee will be established within 60 days of the date when the results of the election appear in the minutes of the School Board.

Performance Audits. The School Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed below.

Financial Audits. The School Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed below.

Special Bond Proceeds Account; Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board shall take actions necessary to establish a Building Fund to be held by the San Mateo County Tax Collector/ Treasurer, as required by the California Education

Code, in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board no later than January 1 of each year stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine and may be incorporated in the annual budget, audit, or another appropriate routine report to the Board.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction and/or rehabilitation of school facilities including the furnishing and equipping of school facilities or acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

BOND PROJECT LIST

The Bond Project List shown below is a part of the ballot proposition and must be reproduced in any official document required to contain the full statement of the bond proposition.

Evaluation of Needs. As required by Article XIII A of the California Constitution, the Board of Trustees of the District has certified that it has evaluated safety, class size reduction and information technology needs in developing the list of school facilities projects shown below.

Projects Subject to Available Funding. The following list of projects is subject to the availability of adequate funding to the District.

Scope of Projects. Bond proceeds will be expended to modernize, replace, renovate, construct, equip, furnish and otherwise improve District facilities as described below. The specific school facilities projects which are described below include all related and incidental costs, including costs of design, engineering, architect and other professional services, site preparation, utilities, landscaping and other incidental costs, and construction management. Bond proceeds may also be expended to acquire and install furniture, fixtures and equipment at any classrooms and other facilities of the District. The District may alter the scope and nature of any of the specific projects, which are described below as required by conditions that arise during the course of design and construction, including unforeseen conditions such as dry rot, mold and faulty engineering.

RENOVATION AND REPAIR OF EXISTING SCHOOLS AND FACILITIES

Bond proceeds will be expended to modernize, replace, renovate, construct, equip, furnish and otherwise improve the facilities of the District located at the following locations:

Jefferson High School Built 1927	Thornton High School (Continuation) Rebuilt 2001
Oceana High School (Alternative) Built 1962	Westmoor High School Built 1957
Terra Nova High School Built 1961	

Such projects shall include, but shall not be limited to:

Improve student access to computers and modern technology by providing additional computers and upgrading electrical and technological systems.

Make health and safety improvements including removal of asbestos and other hazardous materials, upgrades to fire sprinkler systems, fire suppression systems, fire alarms, intrusion alarms, camera surveillance systems, structural upgrades to improve building earthquake resistance, safety lighting for walkways and parking areas, and improved fencing and gates.

Renovate and replace plumbing systems including restroom facilities, water, sewer and gas systems, and outdated drinking fountains.

Upgrade electrical systems including power, lighting, communications, and low voltage systems.

Modernize and upgrade classroom interiors including doors and door hardware, cabinetry, sinks, ceilings, walls and flooring.

Replace and upgrade heating, ventilation, air conditioning (HVAC) and exhaust systems.

Upgrade systems to improve energy efficiency including new energy management systems, new windows, and insulation and weather-stripping.

Make improvements to comply with Americans with Disabilities Act (ADA) standards including improving stairs and ramps, parking, sidewalks and restrooms.

Repair and replace roofs, gutters, roof drains and downspouts.

Upgrade and renovate athletic facilities and playfields including courtyards, tracks, and play courts; swimming pools, pool buildings, and pool filtration and heating systems; lockers and locker room facilities; indoor and outdoor bleachers, concession stands, announcer's booths, and field storage.

Repair and renovate school facility and classroom exteriors including storm drains, irrigation, landscaping, signage, marquees, and trash and utility enclosures.

Modernize, expand, and upgrade other student support facilities.

ACQUISITION AND CONSTRUCTION OF NEW SCHOOL FACILITIES

Bond proceeds will also be expended to construct new classrooms, libraries, and other educational facilities, including site improvements, acquisition of furniture and equipment, and science and technology upgrades.

Facility replacement and new construction shall include but not be limited to:

Construct and upgrade science and computer labs to meet current standards.

Build new libraries/media centers to accommodate a larger student population.

Provide new classrooms including vocational classrooms to reduce student overcrowding throughout the District.

Construct and expand additional student support facilities including kitchens, multi-purpose spaces , exterior covered walkways, exterior covered lunch structures, theaters, and gymnasiums.