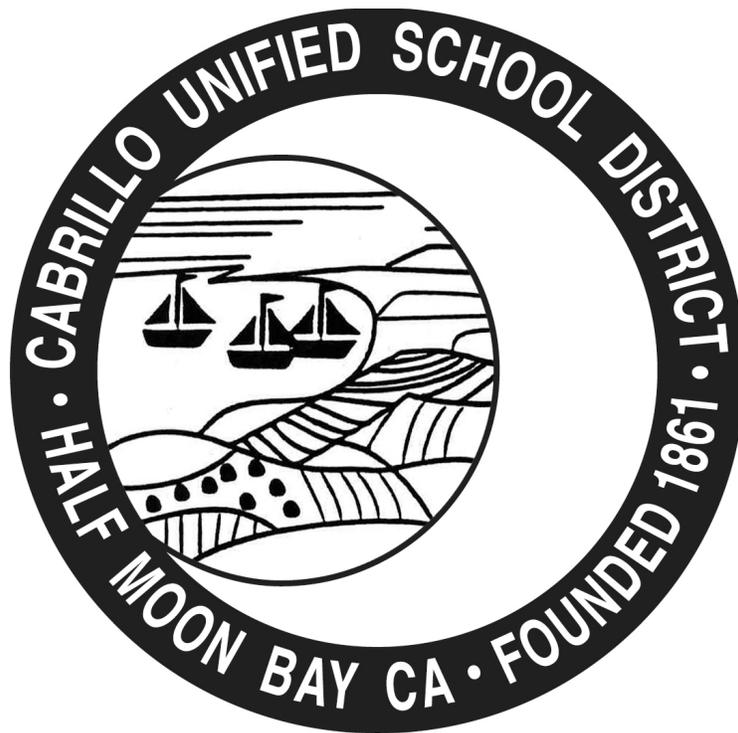


**Measure S
Facilities Bond
Citizens' Oversight
Committee**



**Annual Report
2016 – 2017**

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I. EXECUTIVE SUMMARY

On March 8, 2012, the Governing Board of the Cabrillo Unified School District formally approved placing on the June ballot a bond measure to raise \$81 million to improve the District's facilities and to support technology infrastructure and acquisition. In approving the formal resolution and related exhibits, the Board also stipulated that a Citizens' Oversight Committee would be established as a public accountability measure. This provision was stipulated in both the Abbreviated Text and Full Ballot Text of a bond measure that would later be named Measure S by the County of San Mateo.

Soon after Measure S was approved by a majority of over fifty-five percent on June 5, 2012, a seven-member Committee was appointed by the Board to serve in this important oversight capacity. This Committee meets on a regular basis in sessions open to the general public to verify that Measure S dollars are expended only for the school facilities projects listed in the Bond Project List.

The report that follows – and the annual resolution adopted by the Committee in a formal roll call vote – is the Committee's method for annually communicating the results of this comprehensive oversight process to Coastside constituents.

II. FORMATION OF THE MEASURE S CITIZENS' OVERSIGHT COMMITTEE

On August 21, 2012, The Governing Board announced its process for recruiting and selecting members to fill the various slots on the Committee. A total of thirteen individuals applied to serve.

On September 27, 2012 Board President Kirk Reimer, Assistant Superintendent Elizabeth Schuck and Superintendent Tony Roehrick met to review applications from members of the Coastside community who expressed interest in serving on the Committee. The three determined to submit seven names to the Board as a recommended slate for approval. The Governing Board met on October 11, 2012 and approved the recommended slate of candidates. The following individuals were formally appointed to the District's Measure S Facilities Bond Citizens' Oversight Committee:

- 1) Mike Alifano (Local Business Community Organization)
- 2) Steve Johnson (Senior Citizens' Organization)
- 3) Susie Tempesta (Bona Fide Taxpayers' Association)
- 4) Patric Jonsson (Parent of an Enrolled Student)
- 5) Veronica Torres (Parent of an Enrolled Student/Active in Parent Group)
- 6) Chris Johnson (At-Large)
- 7) Naomi Patridge (At-Large)

III. SUMMARY OF 2012-13 COMMITTEE PROCEEDINGS AND ACTIVITIES

The first meeting of the newly-formed Measure S Facilities Bond Citizens' Oversight Committee was held at 4:00 p.m. on November 19, 2012 in the District Office Board Room, 498 Kelly Avenue, in Half Moon Bay. Committee members addressed several organizational matters during the course of this session.

Committee members unanimously elected Steve Johnson to serve as Chair and Susie Tempesta to serve as Vice-Chair.

To complete its work regarding the 2012-13 fiscal year, the Committee met on four additional occasions:

- 1) June 10, 2013
- 2) September 23, 2013
- 3) November 4, 2013
- 4) November 18, 2013

The Committee received training on its role as a Citizens' Oversight Committee on two separate occasions. Marilyn Cleveland, an attorney with Dannis Woliver Kelley, visited the Committee at its initial meeting. Mrs. Cleveland's presentation focused on the legal responsibilities of Citizens' Oversight Committees. Eugene Whitlock, a San Mateo County Deputy County Counsel, attended the September 23, 2013 meeting to help the Committee focus on best practices for Citizens' Oversight Committees.

At the June meeting, the Committee reviewed the San Mateo Civil Grand Jury 2009-2010 Report on School Bond Citizens' Oversight Committees, Prop 39, and reviewed the 2013 District-Wide Technology Implementation Plan, Energy Management Plan, and District Facilities Master Plan (unadopted).

At the September meeting, the Committee received a detailed presentation on the Board-adopted Facilities Master Plan.

At the November 4th meeting, the Committee met to receive and review the Independent Auditor's Annual Performance and Financial Reports for 2012-13, to adopt Resolution 01-13, and to review the draft Annual Report.

At the November 18th meeting, the Committee received and reviewed the revised Independent Auditor's Annual Performance and Financial Reports for 2012-13, adopted Resolution 01-13, and approved this Report.

IV. SUMMARY OF 2013-14 COMMITTEE PROCEEDINGS AND ACTIVITIES

Meetings of the Measure S Facilities Bond Citizens' Oversight Committee were held in the District Office Board Room, 498 Kelly Avenue, in Half Moon Bay.

All meetings were duly posted and conducted in open session. Approved agendas and adopted minutes from all of the Committee meetings held to date are available for public review at the Cabrillo Unified School District Office, 498 Kelly Avenue, Half Moon Bay, CA 94019.

To complete its work for the 2013-14 fiscal year, the Committee met on the following dates:

- 1) March 31, 2014
- 2) June 16, 2014
- 3) September 29, 2014
- 4) October 20, 2014

At the March meeting, the Committee welcomed new member Phil Hophan representing parents of enrolled students. The Committee also reviewed the Bylaws, discussed several proposed amendments, and finalized the meeting schedule for the 2013-14 year.

At the June meeting, the Committee adopted the revised Bylaws and formally revised the policy for members to state their intent to serve a second term. The date for notification to the Committee was established as October 27, 2014.

At the September meeting, the Committee reviewed the Independent Auditor's Annual Performance and Financial Reports for 2013-14, reviewed Resolution 01-14, and reviewed the draft Annual Report for 2013-14.

At the October 20th meeting, the Committee accepted the Independent Auditor's Annual Performance and Financial Reports for 2013-14, adopted Resolution 01-14, and approved this Report.

V. SUMMARY OF 2014-15 COMMITTEE PROCEEDINGS AND ACTIVITIES

Meetings of the Measure S Facilities Bond Citizens' Oversight Committee were held in the District Office Board Room, 498 Kelly Avenue, in Half Moon Bay.

All meetings were duly posted and conducted in open session. Approved agendas and adopted minutes from all of the Committee meetings held to date are available for public review at the Cabrillo Unified School District Office, 498 Kelly Avenue, Half Moon Bay, CA 94019.

To complete its work for the 2014-15 fiscal year, the Committee met on the following dates:

- 1) June 1, 2015
- 2) September 28, 2015
- 3) October 26, 2015
- 4) November 2, 2015

At the June meeting, the Committee re-elected Steve Johnson as Chair. Phil Hophan was elected as Vice Chair, replacing Susie Tempesta who had resigned from the Committee after serving as its Vice Chair for the first two years. The District Superintendent was elected to serve as Secretary. The Committee agreed on the work plan and meeting schedule for the remainder of the year.

At the September meeting, the audit firm, Chavan & Associates, presented to the Committee the Annual Performance and Financial Reports. After making suggestions to enhance clarity and readability, the Committee voted to accept the independent audits. It then reviewed a draft of the annual resolution.

At the October meeting, the Committee welcomed new members Diane Brosin and Charmion Donegan. CBO Crystal Leach reviewed with the Committee the changes made to the Independent Auditor's Annual Performance and Financial Reports for 2014-15. Resolution 01-15 was adopted by roll call vote.

At the November meeting, the Committee reviewed and approved this Annual Report. Chair Steve Johnson, who has led the Committee from its inception, announced that this is his last meeting as he will be moving from the District.

VI. SUMMARY OF 2015-16 COMMITTEE PROCEEDINGS AND ACTIVITIES

Meetings of the Measure S Facilities Bond Citizens' Oversight Committee were held in the District Office Board Room, 498 Kelly Avenue, in Half Moon Bay.

All meetings were duly posted and conducted in open session. Approved agendas and adopted minutes from all of the Committee meetings held to date are available for public review at the Cabrillo Unified School District Office, 498 Kelly Avenue, Half Moon Bay, CA 94019.

To complete its work for the 2015-16 fiscal year, the Committee met on the following dates:

- 1) June 6, 2016
- 2) September 26, 2016
- 3) October 24, 2016

At the June meeting, the Committee elected Member Mike Alifano as Vice-Chair, replacing Phil Hophan who was elected Chair at the November 2015 meeting of the COC. Member Diane Brosin was elected Secretary, replacing the District Superintendent who had previously served that roll. The Committee agreed on the work plan and meeting schedule for the remainder of the year.

At the September meeting, the audit firm, Chavan & Associates, presented to the Committee the Annual Performance and Financial Reports. After asking clarifying questions and receiving acceptable responses from staff and the auditor, the Committee voted to accept the independent audits and approved a draft of the annual resolution. Prior to the start of the September meeting, Members were granted a tour of facilities under the auspices of the committee, and were able to ask questions of the Superintendent, District Staff, and a site construction lead, who were able to answer those questions and provide insights into the progress of these projects.

At the October meeting, the Committee reviewed and approved this Annual Report. Chair Phil Hophan acknowledged that he would present the Annual Report to the Board of Trustees in November of 2016.

VII. SUMMARY OF 2016-17 COMMITTEE PROCEEDINGS AND ACTIVITIES

Meetings of the Measure S Facilities Bond Citizens' Oversight Committee were held in the District Office Board Room, 498 Kelly Avenue, in Half Moon Bay.

All meetings were duly posted and conducted in open session. Approved agendas and adopted minutes from all of the Committee meetings held to date are available for public review at the Cabrillo Unified School District Office, 498 Kelly Avenue, Half Moon Bay, CA 94019.

To complete its work for the 2016-17 fiscal year, the Committee met on the following dates:

- 1) June 5, 2017
- 2) September 25, 2017
- 3) November 6, 2017

At the June meeting, the Committee agreed on the work plan and meeting schedule for the remainder of the year, and restated its commitment to the work of the committee as a means to keep and maintain the public trust in the expenditure of these Measure dollars.

At the September meeting, the audit firm, Chavan & Associates, presented to the Committee the Annual Performance and Financial Reports. After asking clarifying questions and receiving acceptable responses from staff and the auditor, the Committee voted to accept the independent audits and approved a draft of the annual resolution.

At the October meeting, the Committee reviewed and approved this Annual Report. Chair Phil Hophan acknowledged that he would present the Annual Report to the Board of Trustees in December of 2017.

VIII. OVERSIGHT COMMITTEE RESOLUTION NO. 01-17

Finding that 2016-17 Measure S Revenues Were Expended Only for the School Facilities Projects Listed in the Bond Project List

WHEREAS, on June 5, 2012 the Cabrillo Unified School District received approval from voters to implement a \$81 million bond program; and

WHEREAS, the stated intent of the revenues generated by the sale of these bonds is to improve the quality of education in local schools by replacing leaky roofs; performing essential safety repairs on classrooms and facilities; updating science labs; equipping classrooms with 21st Century technology; maximizing energy efficiency and water conservation to save money; and renovating, constructing, and equipping classrooms and facilities; and

WHEREAS, pursuant to its desire to assure the greater school community that these facilities bond dollars will be expended only for the school facilities projects listed in the Bond Project List, the Governing Board established a Measure S Facilities Bond Citizens' Oversight Committee; and

WHEREAS, the Citizens' Oversight Committee reviewed detailed independent performance and financial audit reports of 2016-17 bond expenditures during the course of its regularly scheduled meeting held on September 25, 2017; and

WHEREAS, the central purpose of the Citizens' Oversight Committee is to inform the public at least annually in a written report whether in its opinion bond proceeds are expended only for the school facilities projects listed in the Bond Project List;

NOW, THEREFORE, BE IT RESOLVED that the Measure S Citizens' Oversight Committee has met and reviewed detailed, independent performance and financial audits of 2016-2017 bond expenditures and does find that these proceeds were expended only for the school facilities projects listed in the Bond Project List.

ADOPTED this sixth day of November, 2017.

Phil Hophan, Chair
Measure S Facilities Bond Citizens' Oversight Committee

Date

Mike Alifano, Vice-Chair
Measure S Facilities Bond Citizens' Oversight Committee

Date

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FULL BALLOT TEXT

CABRILLO UNIFIED SCHOOL DISTRICT BOND PROPOSITION

The Board of Education (the “Board”) of the Cabrillo Unified School District (the “District”), believes that a bond measure will help ensure that all schools in the District have up-to-date science labs, computers and learning technology so that District students are prepared to excel in the twenty-first century economy and high quality teachers and staff are attracted and retained.

In order to continue improving education in all of the District’s schools, it is the Board’s priority to complete repairs and upgrades that will benefit all of the District’s schools—Farallone View Elementary, Alvin S. Hatch Elementary, Kings Mountain Elementary, El Granada Elementary, Cunha Intermediate, Pilarcitos High School, Half Moon Bay High School--including :

- (i) complete basic and necessary repairs and upgrades to District schools to provide a safe, healthful learning environment for students by means of a general obligation bond;
- (ii) equip all schools in the district with up-to-date computers, learning technology and science labs so that students are prepared to excel in the 21st century economy;
- (iii) provide a source of local revenue—that cannot be taken by the state—to make repairs so that all schools are safe and up to date;
- (iv) upgrade classrooms and make repairs now to save money that can be used to maintain quality academic programs and retain teachers;
- (v) ensure that facilities are up to date and safe so that qualified teachers continue to want to teach in our schools;
- (vi) reduce operating costs by improving and installing more cost efficient energy systems and making other improvements to reduce operating costs.

By approval of the proposition set forth below as the Summary of Ballot Measure, by at least 55% of the registered voters voting thereon, the Cabrillo Unified School District shall be authorized to issue and sell bonds of up to \$81,000,000 in aggregate principal amount to provide financing for the specific school facilities projects listed below in the Bond Project List, subject to all of the accountability safeguards specified herein.

“To improve the quality of education in local schools by replacing leaky roofs; performing essential safety repairs on classrooms and facilities; updating science labs; equipping classrooms with 21st Century technology; maximizing energy efficiency and water conservation to save money; and renovating, constructing, and equipping classrooms and facilities; shall Cabrillo Unified School District issue \$81 million in bonds

at legal rates, with citizen oversight, annual audits, no funds for administrators' salaries and all funds staying in local schools?"

ACCOUNTABILITY MEASURES

The provisions in this section are included in this proposition in order that the voters and taxpayers of the District may be assured that their money will be spent to address specific facilities needs of the District, all 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 section 15264 *et seq.* of the California Education Code).

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

Independent Citizens' Oversight Committee. The Board of Education shall establish an independent Citizens' Oversight Committee to ensure bond proceeds are expended only for the school facilities projects listed in the Bond Project List. The Committee shall be established within 60 days of the date when the Board of Education enters the results of the election in its minutes.

Annual Performance Audit. The Board of Education shall conduct or cause to be conducted an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the Bond Project List.

Annual Financial Audit. The Board of Education shall conduct or cause to be conducted an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in the Bond Project List.

Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board of Education shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent shall cause a report to be filed with the Board of Education no later than January 1 of each year, commencing January 1, 2013, 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 into the annual budget, audit, or other appropriate routine report to the Board.

BOND PROJECT LIST

The Bond Project List, which is an integral part of this proposition, lists the specific projects the District proposes to finance with proceeds of the bonds.

The Board of Education of the District evaluated the District's facility needs, including safety issues, enrollment trends, class size reduction, computer and information technology enhancements and facilities renovation and repair, in developing the scope of projects to be funded. The Board of Education believes that a bond measure will help ensure that all schools in the District—Farallone View Elementary, Alvin S. Hatch Elementary, Kings Mountain Elementary, El Granada Elementary, Cunha Intermediate, Half Moon Bay High School— have up-to-date science labs, computers and learning technology so that District students are prepared to excel in the twenty-first century economy and high quality teachers and staff are attracted and retained. The Board of Education concluded that, since these needs are vitally important, the District should:

- (i) Keep schools clean, well maintained and in good condition;
- (ii) Replace leaky roofs;
- (iii) Perform essential safety repairs and upgrades to classrooms and facilities;
- (iv) Equip classrooms with 21st Century technology;
- (v) Update or perform major repairs to classrooms and science labs;
- (vi) Upgrade earthquake and fire safety;
- (vii) Maximize energy efficiency and water conservation to save money;
- (viii) Improve disabled access;
- (ix) Renovate, construct, and equip classrooms and facilities; and
- (x) Establish programs that maximize the use of bond funds to support regular facility maintenance, repair and technology upgrades

In order to meet these needs, the District intends to complete the following projects at District schools and facilities using a combination of funding sources. It is anticipated that bond proceeds will contribute \$81,000,000 to said total cost. Other anticipated sources include joint-use funds, development impact fees, and other available funds. The District will pursue state matching funds if and when they become available, and if received, they will be used for and applied to projects on the Bond Project List. However, no project is dependent on the receipt of additional funds. Unless otherwise noted, the following projects are authorized to be completed at each or any of the District's school sites.

The projects to be funded by the bond include, without limitation, the following:

Category 1: Basic Upgrades to Protect Facility Investments, Keep Schools Clean, Safe, Well Maintained and in Good Condition

Goal and Purpose: To provide clean, safe and well maintained facilities to support educational programs, students will benefit from the repair, upgrade or renovation of aging buildings, labs and classrooms, improved school site safety:

- Replace and repair leaking roofs
- Upgrade and perform essential safety repairs and improvements on classrooms, science laboratories, and other school and athletics facilities
- Upgrade earthquake and fire safety, including phone, fire alarm, and communications systems
- Repair, replace, or upgrade inefficient and aging heating, cooling and plumbing systems
- Renovate school restrooms
- Repair or replace worn floor coverings in classrooms
- Upgrade, repair or replace playground equipment, asphalt and turf for student safety and improved access for people with disabilities
- Construct a multi-use educational facility for educational programs, including performing arts, for school and community use
- Repair outdated electrical systems and wiring to improve efficiency and safety
- Make safety improvements on and around school sites, including improved fencing, walkways and overhangs, better access for people with disabilities, and traffic circulation improvements
- Replace drinking fountains, trash receptacles, enclosures and equipment
- Renovate, repair, paint and improve school campuses and grounds
- Establish programs to support regular and long term upgrades and replacement of outdated facilities, equipment, and grounds
- Upgrade vocational education and career training facilities to prepare students for future jobs

Category 2: Preparing Our Students for the 21st Century and Improving Education in the Classroom through Upgraded 21st Century Technology and Classroom Upgrades

Goal and Purpose: To upgrade computer technology and provide our teachers and students with current teaching, learning and research tools:

- Acquire and upgrade technology infrastructure, including, without limitation, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, phone system integration, local area network upgrades, document archiving, cabling infrastructure, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, and other equipment, casework and software as needed
- Provide and repair up-to-date technology, data and wireless communications equipment

- Add, update and expand telecommunications, internet and network connections
- Add, upgrade and replace computers, hardware and software systems
- Add, upgrade and replace classroom instructional equipment
- Add, upgrade and replace electrical systems to support improved technology;
- Establish programs to support regular and long term upgrades to technology systems, hardware, software and equipment

Category 3: Improving Energy Efficiency, Conserving Water and Other Capital Improvements to Save Money that Can Be Used to Help Retain Teachers and Protect Academic Programs

Goal and Purpose: To reduce utility and other operating costs by making capital improvements to energy, water and utility systems, and consolidating facilities:

- Acquire and install energy efficiency systems, including solar panels, to reduce energy/utility costs and return savings to educational programs
- Improve water and energy conservation by upgrading plumbing, renovating restrooms and replacing or renovating the old, inefficient and dilapidated swimming pool at Half Moon Bay High School
- Replace outdated and inefficient heating and ventilation systems
- Relocate or consolidate district administrative offices and space to improve efficiency and save money

Listed repairs, improvements, rehabilitation projects and upgrades will be completed as needed. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering, and similar planning costs, construction management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the projects listed above, the Bond Project List also includes the acquisition of instructional, maintenance and operational equipment, payment of the costs of preparation of all facilities planning studies, feasibility and assessment reviews, master planning, environmental studies, and temporary housing for dislocated programs or activities caused by construction projects. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Necessary site preparation/grading/restoration may occur in connection with new construction, modernization, renovation or remodeling, including ingress and egress, removing, replacing or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or reimburse the District for the cost of staff when

performing work on or made necessary by the implementation of bond projects.

ADDITIONAL SPECIFICATIONS

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

Single Purpose. All of the purposes enumerated in this proposition shall be united and voted upon as one single proposition, pursuant to section 15100 of the California Education Code, and all the enumerated purposes shall constitute the specific single purpose of the bonds and proceeds of the bonds shall be spent only for such purpose.

Other Terms of the Bonds. When sold, the bonds shall bear interest at an annual rate not exceeding the statutory maximum, and that interest will be made payable at the time or times permitted by law. The bonds may be issued and sold in several series, and no bond shall be made to mature more than 25 years (if issued pursuant to the provisions of the California Education Code) or 40 years (if issued pursuant to the provisions of the California Government Code) from the date borne by that bond.

TAX RATE STATEMENT

An election will be held in Cabrillo Unified School District ("District") on June 5, 2012, to authorize the sale of **\$81,000,000** in general obligation bonds. The following information is submitted in compliance with Sections 9400-9404 of the California Elections Code.

1. The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is **\$0.0450** per \$100 (**\$45.00** per \$100,000) of assessed valuation in fiscal year 2012-2013.

2. The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is **\$0.0450** per \$100 (**\$45.00** per \$100,000) of assessed valuation in fiscal year 2022-2023.

3. The best estimate of the highest tax rate that would be required to fund this bond issue, based on estimated assessed valuations available at the time of filing this statement, is **\$0.0450** per \$100 (**\$45.00** per \$100,000) of assessed valuation.

These estimates are based on projections derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of bond sales, the amount of bonds sold at each sale and actual increases in assessed valuations. The timing of the bond sales and the amount of bonds sold at any given time will be determined by the needs of the District. Actual assessed valuations will depend upon the amount and value of taxable property within the District as determined in the assessment and the equalization process.

Dated: March 8, 2012,

Robert Gaskill
Superintendent
Cabrillo Unified School District

CABRILLO UNIFIED SCHOOL DISTRICT

MEASURE S FACILITIES BOND CITIZENS' OVERSIGHT COMMITTEE BYLAWS

1.0 Preamble

For school bonds passed pursuant to Article XIII A, Section 1(b)(3) of the California Constitution, which allows a 55% majority to pass the bond, the Cabrillo Unified School District's ("District") Governing Board ("Board") is required by section 15278 of the California Education Code to appoint an independent Citizens' Oversight Committee ("Committee"). Per section 15282 of the Education Code, the Committee must have at least seven (7) members and represent specific segments of the community.

2.0 Purpose and Duties

2.1 Purpose

The purpose of the Committee is to inform the public concerning the expenditure and uses of the District's bond measure ("Measure") revenues from the Measure passed on June 5, 2012. The Committee's legal charge is to actively review and report on the expenditure of taxpayer money for school construction in accordance with voter approved projects. The Committee shall convene to provide oversight of the following:

- A. Measure revenues are to be expended only for bonded indebtedness incurred by the District for the construction, reconstruction, rehabilitation or replacement of school facilities, or the acquisition or lease of real property for school facilities. All of the following accountability requirements apply:
1. A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses, except as provided for in Section 2.1.B below.
 2. A list of the specific school facilities projects to be funded and certification that the Board has evaluated safety, class size reduction, and information technology needs in developing that list.
 3. A requirement that the Board conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.
 4. A requirement that the Board conduct an annual independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

B. The District may use proceeds from the Measure to pay the salaries of District employees to the extent they perform administrative oversight work on construction projects authorized by the Measure.¹

2.2 Duties

Committee members are expected to attend its regularly scheduled meetings, diligently review all pertinent information provided to the Committee pursuant to state laws, and abide by all rules of conduct established in these Bylaws. In furtherance of its purpose the Committee shall, at its discretion, engage in the following activities:

- A. Receive and review copies of the annual performance audits required by Article XIII A, section I, subdivision (b)(3)(C) of the California Constitution.
- B. Receive and review the annual financial audits required by Article XIII A, section I, subdivision (b)(3)(D) of the California Constitution.
- C. Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of Article XIII A, section 1, subdivision (b)(3) of the California Constitution.
- D. Review the District's efforts to maximize the use of bond revenues by implementing cost saving measures including, but not limited to the following, and have these efforts reviewed in the annual independent performance audit:
 - a. Mechanisms designed to reduce the costs of professional fees;
 - b. Mechanisms designed to reduce the cost of site preparation;
 - c. Mechanisms designed to reduce costs by incorporating efficiencies in school site design;
 - d. Recommendations regarding the joint use of core facilities;
 - e. Recommendations regarding the use of cost-effective and efficient reusable facility plans.

3.0 Committee Composition

The Board shall have sole discretion to select and appoint Committee members and to determine its final size. The Committee shall consist of at least seven (7) members, including the following community representation:

¹ The California Court of Appeal has concluded that certain kinds of salary expenditures and other bond-related costs could permissibly be paid from bond proceeds.

- A. One member shall, at the time of appointment, be active in a business organization representing the business community of the District;
- B. One member shall, at the time of appointment, be active in a senior citizens organization, which may be a local, regional, statewide, or national organization;
- C. One member shall, at the time of appointment, be active in a bona fide taxpayers organization, which may be a local, regional, statewide, or national organization;
- D. One member shall, at the time of appointment, be the parent or guardian of a child currently enrolled in a school of the District;
- E. One member shall, at the time of appointment, be both a parent or guardian of a child currently enrolled in a school of the District and be an active member in a District parent-teacher organization, such as the PTA or a school site council.

A single individual may be appointed as a representative of more than one of the above categories, if applicable.

3.1 Eligibility

- A. The Committee shall be comprised of individuals who either live or work within the boundaries of the District.
- B. No employee, official, vendor, contractor, or consultant of the District shall be appointed to the Committee.
- C. Committee members shall be subject to prohibitions regarding incompatibility of office pursuant to Government Code sections 1125-1129 and financial interest in contracts pursuant to Government Code sections 1090-1098.

3.2 Term of Service

- A. Committee members serve without compensation for a term of two (2) years, and for no more than three (3) consecutive terms.
- B. Appointed Committee members shall be seated at the first meeting of each odd-numbered year, except those appointed to replace vacancies.
- C. After appointment to a two-year term, Committee members who wish to be appointed for a second or third two-year term shall reapply to the Board for consideration. Members who serve three (3) two-year terms may be reappointed following a two-year absence from the Committee.

3.3 Replacing a Committee Member

- A. If a Committee position becomes vacant, the Committee Chair shall request that the Board appoint a replacement. Unless failure to act results in the inability to meet a Committee quorum, if six months or less remain of the unexpired two-year term, the Board may choose to leave that position vacant for the remainder of the term.
- B. Any Committee member may request that the removal of another Committee member be placed on the agenda for the Committee's next meeting and may, at that meeting, introduce a motion to remove said member from the Committee for excessive absence or for any violation of the Committee's Bylaws or Ethics Policy. Specific cause must be cited in the meeting agenda and motion for removal.
- C. A replacement Committee member may be appointed by the Board if one or more of the following events occurs:
 - 1. The Committee member submits a written resignation to the Board, with a copy to the Committee Chair;
 - 2. The Committee approves a motion to remove a member for cause, including non-attendance at meetings (ref: Section 5.9 below), violating these Bylaws, and/or violating the Committee's Ethics Policy. A motion to remove a member shall be approved by an affirmative vote of not less than two-thirds of the members present at a Committee meeting, a quorum being present. The motion and its result shall be communicated in writing to the member under consideration and to the Board President within one week after the meeting that the motion was approved. Removal shall be effective immediately upon passing the motion.
- D. Within sixty (60) days of being notified of a Committee vacancy, the Board shall appoint a new member to complete the term of the vacancy, following the process used to select the original Committee members.
- E. Committee members appointed to fill vacant, unexpired terms may apply and shall be eligible for reappointment for up to two (2) succeeding full two-year terms.
- F. A Committee member who no longer serves the group s/he was appointed to represent (e.g., ceases to be active within a taxpayers organization, or ceases to have a child enrolled in the District, etc.) shall be allowed to complete her/his current term. However, that Committee member shall not be entitled to serve a subsequent term as a representative of that group.

4.0 Committee Officers

Officers of the Committee shall be a Chair, a Vice-Chair, and a Secretary. The Committee may choose to establish other elected positions by amending these Bylaws.

4.1 Elections

At its first meeting in odd-numbered years, the Committee shall place into nomination and elect a Chair, a Vice-Chair, and a Secretary. If the Committee amends these Bylaws to establish other elected positions, their election shall take place at the same meeting as the elections of the Chair, Vice-Chair and Secretary.

4.2 Term of Office

Officers shall be elected for a two-year term and shall not be term-limited except for the limit on the terms of Committee members set forth in Section 3.2 above.

4.3 Duties of the Chair

- A. The Chair shall call Committee meetings (ref: Sections 5.0 and 5.1 below).
- B. The Chair shall establish the agenda for each Committee meeting.
- C. The Chair shall preside over each Committee meeting, following the adopted Rules of Procedure (ref: Section 5.5 below).
- D. The Chair shall, upon willing concurrence of candidates, appoint the members of each Subcommittee that the Committee chooses to form (ref: Section 7.0, 7.1, and 7.2 below).
- E. The Chair, or her/his Committee-approved designee, shall serve as spokesperson for the Committee in all presentations of the Committee to the public, the Board and the media (ref: Section 6.0.A and 6.0.B below).
- F. The Chair is an ex-officio member of all Subcommittees.
- G. The Chair may appoint a Parliamentarian to assist in complying with Robert's Rules of Order during Committee meetings (ref: Section 5.5 below).

4.4 Duties of the Vice-Chair

The Vice-Chair shall perform each of the duties of the Chair as necessary in the absence of the Chair.

4.5 Duties of the Secretary

- A. Subject to review by the Chair before publishing, the Secretary shall provide oversight in the preparation, recording, and distribution by District-provided secretarial support of the following documents in accordance with the Brown Act:
1. Committee meeting agendas;
 2. All reports, materials, and meeting packets as required by or addressed to the Committee;
 3. The minutes of Committee meetings (ref: Section 5.8 below);
 4. All written material submitted by the public during Committee meetings;
 5. All official correspondence addressed to the Committee;
 6. Reports adopted by the Committee;
 7. Committee attendance records (ref: Section 5.9.B, below).
- B. The Secretary shall take and record roll at the beginning of each Committee meeting to determine the existence of a quorum. If a quorum ceases to exist during a meeting, the Secretary shall immediately inform the Chair.

4.6 Succession

The Vice-Chair shall accede to Chair when a vacancy occurs in that office. In the event of a vacancy in the office of Vice-Chair or Secretary, the position shall be filled by election, placed on the agenda at the next regular Committee meeting.

5.0 Meetings

All Committee meetings subject to the Brown Act shall be held in a handicapped-accessible facility at a District facility. The Committee shall meet at least four times each year.

5.1 Calling Meetings

Committee meetings may be scheduled on a regular basis by majority vote of the Committee. In addition, special meetings may be called by the Chair or Vice Chair, or by any group of Committee members whose number represents a quorum. All Committee meetings shall be arranged through the District-appointed Secretary and be noticed in accordance with the Brown Act.

5.2 Agendas

- A. Agendas for regular Committee meetings shall be prepared by its Chair (ref: Section 4.3.B above).
- B. Any member of the Committee may submit a request for placing an item on a future agenda.

5.3 Quorum

Actions may be undertaken at a meeting only if a quorum of seated members is present. A quorum is established when greater than half of the seated members are present. "Seated members" means the number of members set by the Board, less any who have resigned or been removed.

5.4 Committee Voting

Unless otherwise specified in these Bylaws (ref: 3.3.C.2 and 6.0.B), an action item on the agenda may be approved by a simple majority of Committee members in attendance, a quorum being present (ref: 5.3).

5.5 Rules of Procedure

Meetings shall be conducted with courtesy and decorum and in accordance with Robert's Rules of Order.

5.6 California's Open Meeting Law

All meetings of the Committee shall be open to the public and shall be noticed and conducted in strict compliance with the Ralph M. Brown Act.

5.7 Public Participation

Members of the audience will be given an opportunity to address the Committee. The Chair will recognize those members of the audience who wish to address the Committee. The Committee reserves the right to limit the time of presentations by individuals (three minutes) and to limit cumulative time (twenty minutes) when there are multiple speakers addressing the same issue. No action may be taken on matters not on the agenda.

5.8 Minutes

Minutes of Committee proceedings and reports issued shall be a matter of public record and, upon Committee approval, the District shall make them available on the Committee's page of the District's internet website. Minutes of Committee meetings and annual reports shall be kept for seven years from the conclusion of the work authorized by the Measure, and once they have been removed from the website shall

be available for inspection at the District office upon the request of a member of the public.

The District shall provide secretarial services to assist the Committee Secretary in preparation, distribution, and posting of minutes for all Committee meetings (ref: Section 4.5 above). Minutes distributed before adoption by the Committee shall always be labeled “Unadopted Minutes.”

5.9 Attendance

Regular attendance at Committee and applicable Subcommittee meetings is a fundamental obligation of every member of the Committee. Absences are disruptive to Committee activity and representation. Failure to attend two consecutive meetings without acceptable reason announced in advance shall constitute due cause for member removal (ref: Section 3.3.C).

- A. Members anticipating an absence must call or email the Committee Chair or Secretary no later than 24 hours before the scheduled meeting.
- B. Committee attendance reports shall be distributed upon request by the Chair.

6.0 Committee Reports

- A. The Committee shall prepare regular reports on its activities. A report shall be issued at least once each year. Upon completion of all projects authorized by the Measure, the Committee Chair shall prepare or cause to be prepared a final written report summarizing its activities and conclusions.
- B. The Committee’s legal charge is to actively review and report on the expenditure of taxpayer money for school construction (Section 1.1, above). All such reports, written and/or oral, that represent the Committee’s position must proceed from Committee review, be duly approved as to substance by an affirmative roll call vote of not less than two-thirds of the members present at a Committee meeting, a quorum being present, and be faithfully articulated to the public only by the Committee Chair or an approved designee (ref: Section 4.3.E, above).
- C. Reports of minority viewpoints shall be allowed. All such reports, written and/or oral, that represent the minority position must be reviewed, be duly approved as to substance without prejudice by a vote of the Committee, and be faithfully articulated to the public only by a designated minority spokesperson. To avoid the need for minority reports, and to maximize the working relationships on and public confidence in the Committee, all due diligence should be pursued to resolve divisive issues during the review process, thereby attaining fullest possible Committee support for the content of public reports.

- D. Any member of the Committee may speak as an individual on Measure issues, but must clearly state for the record that such statements are their own personal views which do not necessarily represent those of the Committee or the District.

7.0 Subcommittees

The Committee may, on majority vote, form or disband Subcommittees (standing or ad hoc) to perform specific parts of its purpose and duties, such as performing audits and issuing reports. The Chair shall appoint all Subcommittee members. Subcommittees shall elect their own chairs. Subcommittee meetings may proceed only when a quorum is present, a quorum being defined as a simple majority of the seated Subcommittee members. Subcommittee chairs shall be responsible for calling its meetings, preparing its agendas, noticing its members, and delivering timely reports of Subcommittee actions to the Committee. Subcommittee meetings shall be conducted in accordance with the adopted Rules of Procedure (ref: Section 5.5 above).

7.1 Standing Subcommittees

A standing Subcommittee undertakes ongoing duties in preparation for deliberation by the Committee. All standing Subcommittees must fully comply with the Brown Act, irrespective of their number of members. Membership can include any number up to the full membership of the Committee.

7.2 Ad Hoc Subcommittees

Ad hoc Subcommittees are temporary in nature. They may be formed to undertake specific, one-time duties in preparation for deliberation by the Committee. An ad hoc Subcommittee shall be automatically disbanded upon acceptance of its final report to the Committee. Membership on an ad hoc Subcommittee shall normally be limited to less than a quorum of the Committee. If thus limited, an ad hoc Subcommittee meeting need not comply with Brown Act noticing.

8.0 Amendment

These Bylaws may be amended by majority vote of the Committee at any regular meeting at which said amendment is placed on the agenda and a quorum is present.

9.0 Liability Insurance

In acting within its official capacity as defined in these Bylaws, Committee members shall be covered by the District's liability insurance. In no event shall anything herein contained be construed as authorizing the District to insure any such officers or Committee members against any liability or expense by reason of willful malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.

ATTACHMENT A

**MEASURE S FACILITIES BOND CITIZENS' OVERSIGHT COMMITTEE
ETHICS POLICY STATEMENT**

This Ethics Policy Statement provides general guidelines for Committee members to follow while carrying out their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

CONFLICT OF INTEREST. A Committee member shall not make or influence a District decision related to expending any bond monies in a manner which will benefit the Committee member's outside employment, business, or personal finance, or benefit an immediate family member, such as a spouse, child or parent.

COMMITMENT TO UPHOLD LAW. A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States, the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Cabrillo Unified School District.

COMMITMENT TO DISTRICT. A Committee member shall place the interests of the District above any personal or business interest of the member.

I have read the above Ethics Policy Statement and agree to abide by all of the conditions contained therein.

(Signature of Committee Member)

(Date)

Printed Name of Committee Member: _____

COMMITTEE ROSTER

The Committee shall consist of at least seven (7) members appointed by the Board of Trustees based on the following criteria: (a) one member active in a business organization representing the local business community; (b) one member active in a senior citizens' organization; (c) one member active in a bona fide taxpayers organization; (d) one member shall be a parent or guardian of a student enrolled in the District; (e) one member shall be both a parent or guardian of a student enrolled in the District and active in a District parent-teacher organization; (f) two at-large members. [*From Education Code Section 15282(a) and Citizens' Oversight Committee Bylaws*]

Member Active in Local Business Community Organization: Naomi Patridge

Member Active in Bona Fide Taxpayers' Organization: Charmion Donegan

Parent of an Enrolled Student: Phil Hophan

Parent of an Enrolled Student and Active in a Parent Group: Mike Alifano

At-Large Members (2): Diane Brosin

Chris Johnson

INDEPENDENT AUDITOR'S REPORT, 2016-17

CABRILLO UNIFIED SCHOOL DISTRICT
MEASURE S BOND BUILDING FUND
AUDIT REPORT

For the Year Ended June 30, 2017

* * *



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

**CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
For the Fiscal Year Ended June 30, 2017**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Measure S Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified School District

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure S Bond Building Fund of the Cabrillo Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Cabrillo Unified 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 S Bond Building Fund of the Cabrillo Unified School District, as of June 30, 2017, 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 Matters

As discussed in Note 1, the financial statements present only the Measure S Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Cabrillo Unified School District, as of June 30, 2017, 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 Cabrillo Unified School District's basic financial statements. The Measure S Bond Building Fund Statement of Cumulative Expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Measure S Bond Building Fund 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 Measure S Bond Building Fund 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 October 5, 2017 on our consideration of the Cabrillo Unified 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 Cabrillo Unified School District's internal control over financial reporting and compliance.

C & A UP

October 5, 2017
San Jose, California

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Balance Sheet
June 30, 2017

Assets

Cash and investments	\$ 23,953,294
Interest receivable	<u>72,713</u>

Total Assets	<u>\$ 24,026,007</u>
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Liabilities and Fund Balance

Liabilities:

Accounts payable	<u>\$ 2,192,147</u>
------------------	---------------------

Total Liabilities	<u>2,192,147</u>
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Fund balance:

Restricted for capital projects	<u>21,833,860</u>
---------------------------------	-------------------

Total Fund Balance	<u>21,833,860</u>
--------------------	-------------------

Total Liabilities and Fund Balance	<u>\$ 24,026,007</u>
------------------------------------	----------------------

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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2017

Other Local Revenues:	
Interest earnings	<u>\$ 200,158</u>
Total Other Local Revenue	<u>200,158</u>
Expenditures:	
Classified salaries	176,585
Classified benefits	75,253
Supplies and materials	744,322
Contract services	1,361,094
Capital outlay	<u>14,542,680</u>
Total Expenditures	<u>16,899,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,699,776)</u>
Other financing sources (uses):	
Proceeds from sale of bonds	<u>19,835,000</u>
Total other financing sources (uses)	<u>19,835,000</u>
Net Changes in Fund Balance	3,135,224
Fund Balance Beginning	<u>18,698,636</u>
Fund Balance Ending	<u><u>\$ 21,833,860</u></u>

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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Cabrillo Unified 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 accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

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, a committee to the District's Governing Board and Superintendent, called the Measure S Facilities Bond Citizens' Oversight Committee was established. The purpose of the committee is to inform the public concerning the expenditure and uses of the District's bond measure revenues. The committee's legal charge is to actively review and report on the expenditure of taxpayer money for school construction in accordance with voter approved projects.

The financial statements presented are for the Measure S 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 S 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, deferred outflows of resources, current liabilities, and deferred inflows of resources, are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance for the Measure S Bond Building Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

Unearned Revenue:

Unearned 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.

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. 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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

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. Cash & Cash Equivalents

The District's cash deposits are considered to be cash on hand and cash in banks. Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

3. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. This statement changed the definition of fair value and is effective for periods beginning after June 15, 2015.

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

4. Long-Term Obligations

In the Measure S Bond 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.

5. 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.

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

- 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.
- 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.

6. 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 San Mateo County Schools Insurance Group (“SMCSIG”) public entity risk pool. The District pays an annual premium for its property and casualty, workers’ compensation, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

7. 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, 2017, is as follows:

<u>Deposit or Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Cash in county treasury investment pool	\$ 23,947,916	\$ 23,921,334	AA
Cash with fiscal agent	4,378	4,378	n/a
Total cash and investments	\$ 23,953,294	\$ 23,925,712	

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2017:

- Cash in county of \$23,947,916 are valued using Level 2 inputs.

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.

Risk Disclosures

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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately \$1.48 billion and an amortized book value of \$1.48 billion.

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 San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least Aa1 by Moody's Investor Service.

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 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 – INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. The District did not have any interfund transfers in the Measure S Bond Building Fund during the year.

NOTE 4 – MEASURE S GENERAL OBLIGATION BOND

In October of 2012, the District issued \$18,000,000 in General Obligation Bonds, Series A, to finance constructions projects for facilities improvements. From the gross proceeds of \$19,715,860, which included a premium of \$1,715,860 and was netted by an underwriting discount of \$121,500 and issuance costs of \$176,250, net proceeds of \$19,418,110 was deposited with the County in the District’s name. The balance of \$1,418,110 reported in the Bond Interest Redemption Fund is reserved to meet the debt reserve requirements of the bond, and consists of the bond premium net of discounts and costs. The interest rates are fixed per maturity date for both serial and term bonds, resulting in a range of interest rates (from 2 to 5%) based on the maturity schedule.

The following schedule summarizes net proceeds from the bond issuance in October of 2012:

Par Value	\$	18,000,000
Premium (Discount)		1,715,860
Underwriter's Discount		(121,500)
Cost of Issuance Expense		(176,250)
Transfer to BIRF		(1,418,110)
Net Proceeds to Building Fund	\$	18,000,000

In January of 2015, the District issued \$20,000,000 in General Obligation Bonds, Series B, to finance constructions projects for facilities improvements. From the gross proceeds of \$21,067,416, which included a premium of \$1,067,416 and was netted by an underwriting discount of \$120,000 and issuance costs of \$160,000, net proceeds of \$20,787,416 was deposited with the County in the District’s name. The balance of \$947,416 reported in the Bond Interest Redemption Fund is reserved to meet the debt reserve requirements of the bond, and consists of the bond premium net of discounts. The interest rates are fixed per maturity date for both serial and term bonds, resulting in a range of interest rates (from 2 to 5%) based on the maturity schedule.

The following schedule summarizes net proceeds from the bond issuance in January of 2015:

Par Value	\$	20,000,000
Premium		1,067,416
Underwriter's Discount		(120,000)
Cost of Issuance Expense		(160,000)
Transfer to BIRF		(947,416)
Net Proceeds to Building Fund	\$	19,840,000

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

In February of 2017, the District issued \$20,000,000 in General Obligation Bonds, Series C, to finance construction projects for facilities improvements. From the gross proceeds of \$20,571,771, which included a premium of \$571,771 and was netted by issuance costs of \$336,771, net proceeds of \$20,235,000 was deposited with the County in the District's name. The balance of \$400,000 reported in the Bond Interest Redemption Fund is reserved to meet the debt reserve requirements of the bond, and consists of the bond premium net of discounts. The interest rates are fixed per maturity date for both serial and term bonds, resulting in a range of interest rates (from 3 to 5%) based on the maturity schedule.

The following schedule summarizes net proceeds from the bond issuance in February of 2017:

Par Value	\$	20,000,000
Premium		571,771
Cost of Issuance Expense		(336,771)
Transfer to BIRF		(400,000)
Net Proceeds to Building Fund	\$	19,835,000

The following schedule summarizes the District's Measure S general obligation bonds as of June 30, 2017:

Bond	Original Issue	Outstanding June 30, 2016	Issued	Redeemed	Outstanding June 30, 2017	Current Portion
2012 GOB-A, Meas. S	\$ 18,000,000	\$ 15,555,000	\$ -	\$ 410,000	\$ 15,145,000	\$ 440,000
2012 GOB-B, Meas. S	20,000,000	20,000,000	-	1,215,000	18,785,000	750,000
2012 GOB-C, Meas. S	20,000,000	-	20,000,000	-	20,000,000	-
Total	\$ 58,000,000	\$ 35,555,000	\$ 20,000,000	\$ 1,625,000	\$ 53,930,000	\$ 1,190,000

The following is a summary of the annual debt service requirements as of June 30, 2017:

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ 1,190,000	\$ 1,692,985	\$ 2,882,985
2019	510,000	2,050,050	2,560,050
2020	570,000	2,029,000	2,599,000
2021	615,000	2,005,575	2,620,575
2022	680,000	1,983,450	2,663,450
2023-2027	4,600,000	9,393,725	13,993,725
2028-2032	6,820,000	8,093,656	14,913,656
2033-2037	10,120,000	6,639,020	16,759,020
2038-2041	9,665,000	3,805,263	13,470,263
2042-2045	12,660,000	2,210,700	14,870,700
2046-2047	6,500,000	394,800	6,894,800
Total	\$ 53,930,000	\$ 40,298,224	\$ 94,228,224

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 5 – COMMITMENTS

Through October 5, 2017, the District had encumbered \$10,632,121 of the Measure S Bond Building Fund proceeds that are budgeted to be spent on capital projects in the fiscal year ended June 30, 2017.

NOTE 6 – SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

SUPPLEMENTARY INFORMATION

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Statement of Cumulative Expenditures (Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	From Inception Through June 30, 2017
Program Budget:			
Program Proceeds and Interest Earnings	\$ -	\$ -	\$ 58,556,451
Annual Program Budget	2,888,973	297,438	-
Annual Budget Increases	21,212,107	32,683,462	-
Total Program Budget	24,101,080	32,980,900	58,556,451
Site/Project Description:			
Facility Master Plan	-	-	157,910
Energy Program	-	-	263,940
General Support Expenses	31,643	83,162	569,995
High School Aquatic Center	-	-	7,450
Roofing	16,970	-	16,970
High School Multi-use Theatrical Project	-	-	308,226
High School Cafeteria	1,764	-	58,248
High School Modernization	31,274	163,057	194,331
Parking Lots	-	-	464,396
Waste Management Equipment	-	-	80,370
Playground Improvements	24,450	8,948	81,843
Gymnasiums	-	-	9,648
High School Track Project	238,524	550,726	1,039,852
Hatch Modernization	4,120,494	12,943,885	18,486,696
Cunha Gymnasium Complex	2,076,794	92,877	2,956,280
Cunha Water Infiltration	-	448,344	448,344
Farallone View Modernization	-	10,700	10,700
Security, Safety Upgrades	36,065	9,580	45,645
Pilarcitos Modernization	4,139,190	2,138,894	6,549,740
Los Listos Portable Building	-	-	169,224
District Site Improvements	-	-	23,392
Door Lock and Hardware	33,466	-	541,854
Technology Infrastructure	39,578	86,828	631,824
Technology Classroom Based	485,408	25,237	2,360,356
Purchases from Bond Interest (Furniture and Equipment)	39,639	89,069	202,624
Unallocated ⁽¹⁾	282,448	248,627	1,042,732
Total Expenditures	11,597,707	16,899,934	36,722,591
(Over) Under Budget/Remaining Budget	\$ 12,503,373	\$ 16,080,966	\$ 21,833,860

⁽¹⁾Unallocated expenditures include allowable bond program costs that have not yet been assigned to a specific project as of the date of this report.

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

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Notes to the Program Statement
For the Fiscal Year Ended June 30, 2017

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, local voters passed Measure S, which generates funding to provide safe, efficient, and modern facilities for Cabrillo Unified School District students and staff. Measure S will generate up to \$81 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 Cabrillo Unified School District.

All projects funded by the issuance of Measure S 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 - CITIZENS' OVERSIGHT COMMITTEE

Duties of the committee include verifying that bond revenues were 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 verify that no funds were 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 as required by state law. The Citizens' Oversight Committee was comprised of the following members during the fiscal year ended June 30, 2017:

Chris Johnson	Phil Hophan
Mike Alifano	Charmion Donegan
Naomi Patridge	Diane Brosin

**SCHEDULE OF FINDINGS
AND
RECOMMENDATIONS**

CABRILLO UNIFIED SCHOOL DISTRICT
Measure S Bond Building Fund
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2017

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

**OTHER INDEPENDENT AUDITOR'S
REPORTS**



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

Measure S Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified 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 S Bond Building Fund of the Cabrillo Unified School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cabrillo Unified School District's Measure S Bond Building Fund financial statements, and have issued our report thereon dated October 5, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cabrillo Unified 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 Cabrillo Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cabrillo Unified 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 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 the Cabrillo Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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.

C & A LLP

October 5, 2017
San Jose, California



INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE AND COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON THE MEASURE S BOND PROGRAM

Measure S Facilities Bond Citizens' Oversight Committee and
Governing Board Members
Cabrillo Unified School District

Compliance

We have audited the Cabrillo Unified School District's (the District) compliance with Measure S Bond of the June 2012 election, as approved under Proposition 39, and with the performance requirements referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the laws and regulations identified above based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the laws and regulations have occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Our audit included the following objectives:

1. To obtain reasonable assurance that the proceeds of the sale of the Measure S Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
2. To obtain reasonable assurance that 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 relieve overcrowding, repair local schools and improve student safety conditions of the District.
3. To obtain reasonable assurance that 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. When applicable, we verified that bond proceeds were deposited in the District's name and invested in accordance with applicable legal requirements.
2. We selected three vendors, and verified that the District followed Uniform Public Construction Cost Accounting, California Multiple Award Schedules and Lease-Leaseback for the projects or services awarded, if applicable, and that their invoices were allowable within the bond and approved by the board prior to payment.
3. We tested payments made to the architectural service companies and reviewed the terms of the contract.
4. We tested approximately 77% of the 2016-17 expenditures to ensure they were valid, allowable and accurate.

We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Measure S Bond program for the fiscal year ended June 30, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing based on the standards referred to above. Accordingly, this report is not suitable for any other purpose.

C & A LLP

October 5, 2017
San Jose, California