

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

**FINANCIAL AND PERFORMANCE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
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**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING
JUNE 30, 2017**

Proposition 39 was enacted by the voters on November 7, 2000, and changed the required majority for local voter approval of public school and community college general obligation bonds from two-thirds to fifty-five percent of votes. It also required school districts to provide facilities to charter schools operating within their jurisdictions.

On June 5, 2012, 67.58% of local voters passed Measure G, which generates funding to provide safe, efficient, and modern facilities for Mountain View Whisman School District students and staff. The approval percentage was the highest in Santa Clara County and the 4th highest of the 34 school bond measures in the State of California.

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

All projects funded by the issuance of Measure G general obligation bonds will be subject to review both by the District's Board of Trustees and by an independent citizens' oversight committee. The District will also provide many public forums to present progress and seek input from community members, parents, and staff.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
INTRODUCTION AND CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING, continued
JUNE 30, 2017**

The Citizens' Oversight Committee was comprised of the following members as of June 30, 2017:

Name	Title	Representation
Fiona Walker	Business Community	Chair
Hafsa Mirza	Member at Large	Chair
Marlie Jacobs	Parent Active in PTA	Secretary
Braid Pezzaglia	Parent	Member
Cleave Frink	Parent Active in PTA	Member
Betsy Fowler	Senior Citizen	Member
Joey Mercer	Member at Large	Member
Una Srinivasan	Parent Active in PTA	Member
<i>Vacant*</i>	<i>Member Tax Organization</i>	<i>Member</i>

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

INDEPENDENT AUDITORS' REPORT

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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund of Mountain View Whisman School District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Auditor's Responsibility (continued)

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure G Bond Building Fund of Mountain View Whisman School District as of June 30, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of the Measure G Bond Building Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure G Bond Building Fund's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated December 4, 2017 on our consideration of the Measure G Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2017 should be considered in assessing the results of our financial audit.



San Diego, California
December 4, 2017

FINANCIAL SECTION

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
BALANCE SHEET
JUNE 30, 2017**

ASSETS	
Cash in county treasury	\$ 142,798,149
Accounts receivable	<u>413,794</u>
Total Assets	\$ <u>143,211,943</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 6,450,239</u>
Total Liabilities	<u>6,450,239</u>
 Fund Balance	
Restricted for capital projects	<u>136,761,704</u>
Total Liabilities and Fund Balance	\$ <u>143,211,943</u>

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	
Interest income	\$ 1,503,671
Other local income	13,348
	<hr/>
Total Revenues	1,517,019
	<hr/>
EXPENDITURES	
Facilities acquisition and construction	29,802,696
	<hr/>
Total Expenditures	29,802,696
	<hr/>
Net Change in Fund Balance	(28,285,677)
Fund Balance, July 1, 2016	165,047,381
	<hr/>
Fund Balance, June 30, 2017	\$ 136,761,704
	<hr/>

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Mountain View Whisman School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

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

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

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

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

B. Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (“GASB”) and the American Institute of Certified Public Accountants (“AICPA”).

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

The financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

E. Deposits and Investments

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

F. Use of Estimates

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance

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

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investments

Cash and investments as of June 30, 2017 consist of the following:

Cash in county treasury	\$	142,798,149
Total cash and investments	\$	<u>142,798,149</u>

Policies and Practices

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

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 2 – CASH AND INVESTMENTS (continued)

General Authorizations

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Santa Clara County Investment Pool with a fair value of approximately \$142,472,265 and an amortized book value of \$142,798,149. The weighted average maturity for this pool as of June 30, 2017 is 528 days.

MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

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

Concentration of Credit Risk

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

Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2017 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 142,472,265
Total fair market value of investments	\$ 142,472,265

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of \$413,794 from other local sources.

NOTE 4 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consisted of \$6,450,239 in construction related liabilities.

NOTE 5 – MEASURE G GENERAL OBLIGATION BONDS

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

The following schedule summarizes the Measure G Bond Building Fund’s outstanding General Obligation Bonds as of June 30, 2017:

Series	Year of Issue	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds	
					Outstanding July 01, 2016	Additions	Deductions	Outstanding June 30, 2017
2012 GOB Series A	2013	9/1/2040	3.0 - 4.0%	\$ 50,000,000	\$ 41,475,000	\$ -	\$ -	\$ 41,475,000
2012 GOB Series B	2016	9/1/2042	2.0 - 5.0%	148,000,000	148,000,000	-	-	148,000,000
				<u>\$ 198,000,000</u>	<u>\$ 189,475,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,475,000</u>

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

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017**

NOTE 5 – MEASURE G GENERAL OBLIGATION BONDS (continued)

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

Election 2012, Series A			
Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 1,611,050	\$ 1,611,050
2019	60,000	1,610,600	1,670,600
2020	155,000	1,608,600	1,763,600
2021	240,000	1,603,450	1,843,450
2022	340,000	1,594,750	1,934,750
2026 - 2027	3,490,000	7,619,350	11,109,350
2028 - 2032	7,595,000	6,436,850	14,031,850
2033 - 2037	13,320,000	4,377,150	17,697,150
2038 - 2041	16,275,000	1,209,800	17,484,800
	<u>\$ 41,475,000</u>	<u>\$ 27,671,600</u>	<u>\$ 69,146,600</u>

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

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

Election 2012, Series B			
Year Ended June 30,	Principal	Interest	Total
2018	\$ 4,020,000	\$ 5,448,969	\$ 9,468,969
2019	4,925,000	5,334,894	10,259,894
2020	140,000	5,258,919	5,398,919
2021	335,000	5,250,119	5,585,119
2022	615,000	5,231,119	5,846,119
2023 - 2027	8,405,000	25,240,219	33,645,219
2028 - 2032	20,595,000	21,901,619	42,496,619
2033 - 2037	36,695,000	17,055,272	53,750,272
2038 - 2042	63,970,000	8,693,375	72,663,375
2043	8,300,000	166,000	8,466,000
	<u>\$ 148,000,000</u>	<u>\$ 99,580,505</u>	<u>\$ 247,580,505</u>

MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 6 – MEASURE G BOND BUILDING FUND EXPENDITURES BY SITE

The following table presents the expenditure amounts by project for the fiscal year ended June 30, 2017:

<u>Project</u>	<u>Amount</u>
Bubb School	\$ 893,063
Castro School	5,601,529
Crittenden Middle School	10,205,755
Graham Middle School	2,985,878
Huff School	1,336,991
Landels School	1,063,543
Mistral School	2,832,920
Monta Loma School	2,210,501
Slater School	2,300
Stevenson School	2,080,359
Theuerkauf School	178,052
Districtwide	411,805
	<u>\$ 29,802,696</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Construction Commitments

The Measure G Bond Building Fund had construction commitments of \$71,855,417 as of June 30, 2017.

**OTHER INDEPENDENT
AUDITORS' REPORTS**

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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure G Bond Building Fund, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure G Bond Building Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure G Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure G Bond Building Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 4, 2017

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Measure G Bond Building Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Objectives

In connection with our audit, we also performed an audit of compliance as required in the performance requirements for the Measure G Bond Building Fund for the fiscal year ended June 30, 2017. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure G Bonds were only used for the purposes set forth in the Measure G ballot language and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovations of items which will improve learning and to accommodate growth in the District, with no funds expended on administrator salaries.

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

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

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

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the fiscal year 2016-17 financial statement balances for the Measure G Bond Building Fund are not materially misstated.

Results of Procedures Performed:

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

Facilities Site Walk

Procedures Performed:

We performed a site walk to verify that Measure G Bond Building funds expended for the fiscal year ended June 30, 2017 were in accordance with ballot language and the facilities master plan. We toured one District construction site where 2016-17 construction work occurred. The site toured was Castro School.

Castro Elementary School

We observed the work in progress for the new construction at Castro School. We viewed the new buildings being constructed which will feature the kindergarten building, administrator building, library and two story classroom building. We viewed the exterior of the buildings and inquired of any unforeseen issues or any major setbacks of the project.

Results of Procedures Performed:

Results of the site walks indicate that the major 2016-17 Measure G Bond Building Fund construction projects were successfully advanced into 2017-18 construction phases.

Test of Expenditures

Procedures Performed:

The following performance tests of expenditures and transfers were performed:

We tested expenditures to determine whether Measure G Bond funds were spent solely on voter and Board approved school facilities projects (as set forth in the District's Facilities Master Plan and the Measure G ballot measure language). The expenditure test included a sample of 14 payments totaling \$12.3 million, or approximately 41% of total Measure G expenditures for 2016-17.

Results of Procedures Performed:

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

Test of Contracts and Bid Procedures

Procedures Performed:

For the fiscal year ended June 30, 2017, we performed testing of three contracts to determine compliance with District policy and Public Contract Code provisions related to contracting and bidding:

Formal Bids

- Castro Elementary School and Mistral Elementary School Phase 1 – Demo and Temp Housing
Original Contract Award Amount: \$465,545
- Crittenden Middle School Track & Field and Creekside Trail Project
Original Contract Award Amount: \$5,553,000
- Network Operations Center
Original Contract Award Amount: \$107,127

Test of Contracts and Bid Procedures

Results of Procedures Performed:

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

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

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

Citizens' Oversight Committee

Procedures Performed:

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

Results of Procedures Performed:

In our review of the minutes of the Citizens' Oversight Committee for Measure G, we found that there was adequate documentation of meetings held during fiscal year 2016-17. In addition, the District has submitted annual audit reports during the life of the Measure G Bond Building Fund. In our review of the composition of the committee, we noted that the District lacks a COC member that belongs to a taxpayer organization. However, the District is actively seeing membership of a taxpayer organization representative.

Our audit of compliance was made for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of noncompliance.

Opinion

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

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

Christy White Associates

San Diego, California
December 4, 2017

FINDINGS AND RESPONSES SECTION

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Our tests resulted in no findings and recommendations related to the financial and performance audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2017.

**MEASURE G BOND BUILDING FUND
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

There were no findings related to the financial and performance audit of the Measure G Bond Building Fund for the fiscal year ended June 30, 2016.