

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

Citizens' Bond Oversight Meeting

AGENDA

Summerville High School Library
17555 Tuolumne Road
Tuolumne, CA 95379

February 23, 2015

4:00 PM

COMMITTEE MEMBERS

Open -Tax Payer Organization Member (March 2017)
Steve Farrell-Business Organization Representative (March 2016)
Anne Jacobs-Parent/Guardian-Active Booster or Committee Member (March 2015)
George Kellerman-Tax Payer Organization Member (March 2016)
Sean Leveroos-At-large Community Member (March 2017)
Ken Koral-Active Member-Senior Citizen Group (March 2015)
John Latorre-Business Organization Representative (March 2015)
Vicki Young-Parent/Guardian (March 2015)

"Summerville Union High School District is a learning culture that nurtures and promotes self-sufficiency, contribution to society, and life-long learning."

All Committee meetings shall be open to the public and shall be subject to the provisions of the Ralph M. Brown Act. All documents received by the Committee and reports issued by the Committee shall be a matter of public record and be made available on an Internet website maintained by the governing board of the school district. [Education Code 15280(b)]

1. CALL TO ORDER
2. ROLL CALL AND ESTABLISHMENT OF A QUORUM
3. FLAG SALUTE
4. PUBLIC COMMENT

Because this is a public hearing, it is our time to hear from you. The Board reserves the right to limit the time of presentations by individuals and cumulative time. When addressing the Board, please state your name and address for the record. This time is set aside for items not on the agenda. The public may address the Board on agenda items immediately prior to them being considered by the Board. Though the Board generally will not respond, we are listening carefully. Depending on the nature of the presentation, the Board President or Superintendent may respond or the President may call upon Board members for brief comments, questions of clarification, provide a reference to staff or other resources for factual information, or request the Superintendent to report back to the Board at a subsequent meeting concerning the matter. However, in compliance with Board Policy and the Ralph M. Brown Act, the Board is not permitted to take action on non-agenda items. If appropriate, a Board member may direct the Superintendent to schedule an item for a future Board agenda.

5. APPROVAL OF February 23, 2015, MEETING AGENDA
6. CORRESPONDENCE
7. INFORMATION ITEMS
 - 7.1 Review of construction progress to date. **Van Bolt**
8. ACTION ITEMS
 - 8.1 Approval of meeting minutes of August 25, 2014. **Griffith**
Recommended action: For approval
 - 8.2 Approval of meeting minutes of November 17, 2014. **Griffith**
Recommended action: For approval
 - 8.3 Receipt and review of Measure H Building Fund Financial and Performance Annual Audit. **Midget**
Recommended action: For receipt and review
 - 8.4 Discussion and input on the annual report. **Griffith**
Recommended action: For approval
 - 8.5 Committee membership. Members, end of first terms, second term considerations. **Griffith**
Recommended action: Approve extension of sun setting members who volunteer for a second term.
9. FUTURE ITEMS
 - 9.1 Next meeting: May 18, 2015, 4:00 PM
 - 9.2 Review Meeting Calendar
10. ADJOURNMENT

AGENDA MATERIAL CAN BE INSPECTED IN THE DISTRICT OFFICE OF THE SUMMERVILLE UNION HIGH SCHOOL DISTRICT AT 17555 TUOLUMNE ROAD, TUOLUMNE, CA 95379.

In accordance with the Americans with Disabilities Act, if you need special assistance (i.e. auxiliary aids or services) in order to participate in this public meeting, please contact the District Office, 209-928-3498. Notification 48 hours prior to the start of the meeting will enable the District to make reasonable accommodations to ensure accessibility to this public meeting.

All written materials for this Citizens' Bond Oversight Committee meeting are available for public review in the District Office at the same time they are distributed to the oversight committee.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Citizens' Bond Oversight Committee Meeting
Minutes
August 25, 2014

The Citizens' Bond Oversight Committee meeting was held on August 25, 2014, in the Summerville High School Library. The meeting was called to order at 4:01 PM.

PRESENT: Members, John Latorre, George Kellerman, Ken Koral, Vicki Young and Steve Farrell.

District representatives, Robert Griffith, Warren VanBolt, Tonya Midget and Ashlee Townsend were in attendance.

PUBLIC COMMENT: None.

ROLL CALL AND ESTABLISHMENT OF A QUORUM:

Members George Kellerman, Ken Koral, John Latorre, Vicki Young and Steve Farrell. There was not a quorum established.

AGENDA ADOPTION: The agenda was approved by consent.

CORRESPONDENCE: Superintendent Griffith reported on the conversation with Barbara Kerr. She sent a letter about taking care of her Dad who had a heart attack in Idaho.

John proposed

that a letter be sent to Barbara from the committee thanking her for her service.

ACTION ITEMS:

7.1 Vicki made the motion to correct Ken's name in the minutes, it was seconded by George. Motion carried.

7.2 Tonya Midget report on the report from last fiscal year. July 1, 2013 to June 30, 2014. There will be a report from the auditor being brought forward. New from revenue, transfer monies from the deferred maintenance fund. Line 21,042,872, when bonds are released, Series B to pay this back. John asked if this will be paid back with Series B money. Tonya stated, this money plus interest. John asked if the money is for the contracts. Tonya stated that this is the remaining balance of the funds from the paving fund (deferred maintenance) from the state. The Board awarded new contracts since the last meeting. George made the motion to accept the transfer of monies and it was seconded by Vicki. The motion was carried.

7.3 Robert verified the next Citizens' Bond Oversight Committee Meeting will be on November 16, 2014. He brought the 2015 calendar for approval. All members agreed on dates for the 2015 calendar. Steve made the motion to accept the calendar and Ken seconded. The motion was carried.

8.1 Construction Update-Robert reported on the construction update. He stated that they are currently rolling out the turf this week. Robert spoke about some of the issues from the start of construction and how fantastically the team has come up with solutions to continue the project to

move forward to stay on schedule. George asked if the spring was taken care of. Warren stated that a French drain was put in to control that area. John asked if the spring goes to the gully. Warren stated that it does. It runs into Turn Back creek. John asked if it is still producing water. Warren stated that he does not know at this point. Robert also spoke about the new concrete items that have been put in and the time line for the field completion. John asked if the track surface goes on top of the asphalt. Robert stated yes. It is a read rubber slurry that goes on top. Warren agreed. Vicki asked how many lanes. Warren answered eight. John asked if there was an additional expense incurred for the spring. George asked about the continued maintenance of the field. Robert answered that one important piece of the turf is the black rubber pellets that are put down, which really hold the field up. The use of a brushing machine is supposed to happen every ten hours of use. Also keeping items off the field that could possibly damage it, which could lead to extra Rules, but it does not compost, so anything that goes onto the field has to be manually cleaned up.

- 8.2 Warren reports that we are still in progress on the art room and the shade Structure. The technology portion of the bond is pretty well completed. The Board has elected to bypass on the bus barn at this time. The next item of construction is the art building and added access. The baseball Field is still in the mix at this point, but in the early stages. John asked who is erecting the shade structure. Warren stated that it is part of the previous contract. Steve asked if they are reconstructing the snack shack and if everything for sports will be stored there. Warren stated that they are still working on the storage part of the planning. Robert stated that they are looking at an area below and behind the scoreboard for track storage, which is not visible from the stands. Steve asked the football stuff will be stored out in that area. Warren stated that the everyday football items can be stored in the snack shack.
- 8.3 John asked if we could contact the previous applicants for the positions because they might be interested.

FUTURE ITEMS:

Superintendent Griffith stated that we will be having a grand opening for the field, around the first part of October, when the construction is complete. He also stated that the grand opening will take place around 2:30 p.m. so the students can participate, as well as ASB and the band.

UPCOMING MEETINGS:

ADJOURNMENT:

The meeting was adjourned at

President of the Board

Secretary of the Board

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Citizens' Bond Oversight Committee Meeting
Minutes
November 17, 2014

The Citizens' Bond Oversight Committee meeting was held on November 17, 2014 in the Summerville High School Library. The meeting was called to order at 4:04 P.M.

PRESENT: Members, Ann Jacobs, Vicki Young and George Kellerman.

District representatives, Robert Griffith, Warren VanBolt, Tonya Midget and Kelly Gilbertson were in attendance.

PUBLIC COMMENT: None.

ROLL CALL AND ESTABLISHMENT OF A QUORUM:
Members George Kellerman, Vicki Young and Ann Jacobs. There was not a quorum established.

AGENDA ADOPTION: George Kellerman made the motion to approve the agenda and it was seconded by Vicki Young. Motion carried.

CORRESPONDENCE: Superintendent Griffith reported that a letter of resignation was received from Brian Bell. Due to family and professional obligations, he will be unable to fulfill his term.

ACTION ITEMS:

- 7.1 The minutes will be tabled until the February 24, 2014 CBOC meeting.
- 7.2 The committee accepted the letter of resignation from Brian Bell. Superintendent Griffith referred to the list of Committee Members terms. George Kellerman asked about the length of time the Bond committee would stay in place. Superintendent Griffith stated that the committee would see the project through until everything is concluded. Probably for at least another year.

INFORMATION

- 8.1 Construction Update-Superintendent Griffith stated that the Art Building and the shade structure should be started and completed in 2016. Bond Sale #2 will take place in 2015. Ann asked about using solar panels for the Art Building. Superintendent Griffith stated that there is nothing planned at this time. Warren said that he will look into the possible use of solar panels. Ann stated that she would like it discussed and is curious about planning for the future and the use of solar panels. Superintendent Griffith stated that we currently have useful solar. Warren spoke about getting the punch list complete and making sure that all the repairs and requirements are getting taken care of. Warren said that the technology piece of the Bond has been completed. Superintendent Griffith stated that the Bond was approved in 2012 and it took twenty three months to go from approval to product. Superintendent Griffith said that is a pretty quick timeline. He also stated that the total construction time on the athletic stadium was five months and a week. Superintendent Griffith also stated that everyone is very excited about the new stadium! The question was asked about the timing of the next bond sale and who controls the

sale. Superintendent Griffith stated that at the last Board meeting there was a presentation from Greg Isom. Robert explained the process. He said that the good news is that we can sale the Bond twelve months sooner!

- 8.2 Warren spoke about the maintenance cycle of the athletic stadium. He said currently it is being groomed once a week while athletics are taking place. He stated that we should be going into a dormant phase after next week. Warren explained how the brushing machine works. He also spoke about routine maintenance and how that will take place. Warren said that the stadium has a ten year warranty.

Warren explained that they are currently in the process of planning the Art Building and Shade structure. Currently the plans are in the hands of our architect and will be going to the actual builder. Ann was wondering if any trees would have to be taken down in the process. Warren said it will be minimal and probably just a few small trees. Warren also stated that he thinks that we have the most beautiful athletic stadium in the State.

- 8.3 Tonya went over the review and receipt of the Bond activity and Fund 21 expenses. Tonya explained that we had to borrow \$600,000 from the general fund. She also stated that a few new contracts have been added. There was a beginning cash balance of \$3,782,111.84 on 07/01/2014. There was total available revenue through 10/31/2014 of \$4,388,898.57. The total expenses through 10/31/2014 were \$2,919,128.20. The cash balance available as of 10/31/2014 was \$803,061.26. Ann asked how the funds get paid back. Tonya explained that they will be paid back with the issuance of the Series B Bond. Tonya also explained that the audit takes place and will be issued by December 15, 2014. The report will be presented to the Board in January. Superintendent Griffith stated that we should be able to move forward during the February meeting. He said that he will prepare for that. George asked if the monies that were borrowed will be accounted for in the audit. Tonya stated that there is a summary with liabilities shown. Ann asked if everything has been paid for. Tonya Stated that there is still some final billing that is still outstanding. She stated that anything outstanding should be taken care of by the end of the year. George commented on how impressed he has been with Boyer and Condor. He believes that they have gone the extra mile. Vicki stated that there should not be a final payment until the punch list is complete

- 8.4 Superintendent Griffith asked if any members had any names for the open committee seats. There were none. Superintendent Griffith stated that he would be working on getting those seats filled. Robert stated that he reviewed the bylaws and the committee needs a minimum of seven members. Superintendent Griffith mentioned that he knew of a few people that might be interested. He will be working on getting some new members prior to the February 24, 2014 CBOC meeting.

FUTURE ITEMS:

Superintendent Griffith stated that he will hopefully be bringing forward a new Board member or two to bring the committee back to seven members. He also will be bringing forward the audit report and the oversight certification report.

UPCOMING MEETINGS: February 24, 2014 at 4:00 p.m.

ADJOURNMENT: The motion was made by Ann Jacobs to adjourn the meeting and it was seconded by Vicki Young. The meeting was adjourned at 4:38 p.m.

President of the Board

Secretary of the Board

Summerville Union High School District
Citizens' Bond Oversight Committee
2014-2015 Annual Report to the Board of Trustees
February 23, 2015

Overview. On November 6, 2012, the voters in the Summerville Union High School District approved a General Obligation Bond in the amount of \$8,000,000, a Proposition 39 Bond. Pursuant to Section 15278 of the Education Code, the District established a Bond Oversight Committee, charged with informing the public, regularly monitoring the budget, expenditures, and progress of the approved projects, and reviewing the annual financial and performance audits. This is the first Annual Report of that Committee to the District Board.

Membership. Current membership of the Bond Oversight Committee is made up of::

Open -Tax Payer Organization Member

Steve Farrell-Business Organization Representative

Anne Jacobs-Parent/Guardian Active Booster

George Kellerman-Tax Payer Organization Member

Sean Leveroos-At-large Community Member

Ken Koral-Active Member-Senior Citizen Group

John Latorre-Business Organization Representative (elected Chair)

Vicki Young-Parent/Guardian

Meetings. The Committee held four regular meetings in 2014: February 24, 2014; May 12, 2014; August 25, 2014; and November 17, 2014. The Committee also held one special meeting on March 10, 2014, to discuss the Annual Report. Meetings were held at 4:00 pm in the school library, and regular meetings were attended by Superintendent Robert Griffith, Maintenance Operations Supervisor Warren Van Bolt, District CBO Tonya Midget, and the Executive Secretary.

The Committee monitored the budget and reviewed reports outlining expenditures of the 2012 General Obligation Bond. District staff provided progress updates and answered questions about the projects.

Assessment. The Committee reviewed quarterly reports on Bond activity, and numerous questions were answered by District staff. The Committee also reviewed the Independent Auditor's Report, prepared by Stephen Roatch Accountancy Corporation, for the fiscal year ended June 30, 2014. The independent audit confirmed that all expenditures reviewed were made for allowable purposes in accordance with the California Constitution, Article XIIA, Section 1(b)(3)(A).

Compliance Statement. The Summerville Union High School District is in compliance with the requirements of Article XIIA, Section 1(b)(3) of the California Constitution.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

TUOLUMNE COUNTY
TUOLUMNE, CALIFORNIA

FINANCIAL AUDIT

JUNE 30, 2014

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
FINANCIAL AUDIT
JUNE 30, 2014

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Summerville Union High School District
and
Citizens' Oversight Committee
Measure H, General Obligation Bonds, Election of 2012

Report on the Financial Statements

We have audited the basic financial statements of Summerville Union High School District for the fiscal year ended June 30, 2014, and have issued our report thereon dated December 5, 2014. We have also audited the accompanying Measure H - Building Fund Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Measure H - Building Fund, basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Governing Board
Summerville Union High School District /
Citizens' Oversight Committee
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure H - Building Fund of Summerville Union High School District, as of June 30, 2014, and the respective changes in financial position thereof 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 5, 2014 on our consideration of the Summerville Union High School District's internal control over Measure H - Building Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Measure H - Building Fund financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Summerville Union High School District's internal control over Measure H - Building Fund financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 5, 2014

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

BALANCE SHEET

JUNE 30, 2014

Assets

Deposits and Investments (Note 2)	\$ 3,782,112
Total Assets	<u>\$ 3,782,112</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$ 666,709
Due to Deferred Maintenance Fund	<u>1,142,870</u>
Total Liabilities	1,809,579

Fund Balance:

Restricted for Measure H Projects	<u>1,972,533</u>
Total Liabilities and Fund Balance	<u>\$ 3,782,112</u>

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
 MEASURE H - BUILDING FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>
<u>Revenues</u>		
Interest	\$ 17,362	\$ 17,362
Total Revenues	<u>17,362</u>	<u>17,362</u>
<u>Expenditures</u>		
Materials and Supplies	2,498	2,498
Services and Other Operating Expenditures:		
Professional / Consultants	80,135	80,135
Capital Outlay:		
Building Improvements	<u>1,418,679</u>	<u>1,418,679</u>
Total Expenditures	<u>1,501,312</u>	<u>1,501,312</u>
Net Change in Fund Balances	<u>\$ (1,483,950)</u>	<u>(1,483,950)</u>
Fund Balance - July 1, 2013		<u>3,456,483</u>
Fund Balance - June 30, 2014		<u>\$ 1,972,533</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

Summerville Union High 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 U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Fund Accounting

The accounts of the District are organized on the basis of funds, which are considered to be separate accounting entities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The proceeds from the sale of general obligation bonds, and the subsequent expenditure of the bond funds, are accounted for in the Building Fund of the District.

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.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

D. Deposits and Investments

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 County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

County Pool Investments \$ 3,782,112

County Pool Investments

County pool investments consist of District cash held by the Tuolumne County Treasury that is invested in the county investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts that are 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).

General Authorization

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

<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 / 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 Notes	5 years	30%	None
Mutual & 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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, as the length of the maturity of an investment increases, 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 that purchases a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Segmented Time Distribution

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 3,782,112	\$ 3,778,482	\$ 1,866,282	\$ 1,915,830

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 3,782,112	\$ 3,778,482			\$ 3,782,112

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. However, the District does not hold any investments in any one issuer that represent five percent or more of the total investments held by the District.

Custodial Credit Risk - Deposits

This 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.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2014, the District does not have any investments of this type.

Derivative Investments

The District does not directly invest in any derivative investments. Information relating to the use of derivative investments by the Tuolumne County Treasury was not available.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Litigation

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Measure H - Building Fund.

NOTE 4 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 5, 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statement.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Governing Board
Summerville Union High School District

and

Citizens' Oversight Committee
Measure H, General Obligation Bonds, Election of 2012

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 Measure H - Building Fund Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, of Summerville Union High School District, as of and for the year ended June 30, 2014, and the related notes to these financial statements, which collectively comprise the Measure H – Building Fund basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control over Financial Reporting

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 5, 2014

FINDINGS AND RECOMMENDATIONS SECTION

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
SUMMARY OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

There are no matters to report for the fiscal year ended June 30, 2014.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT

MEASURE H - BUILDING FUND

TUOLUMNE COUNTY
TUOLUMNE, CALIFORNIA

PERFORMANCE AUDIT

JUNE 30, 2014

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Governing Board
Summerville Union High School District

and

Citizens' Oversight Committee
Measure H, General Obligation Bonds, Election of 2012

We have conducted a performance audit of Summerville Union High School District's Measure H - Building Fund's compliance with California Proposition 39, as incorporated in Article XIII A of the California Constitution, for the fiscal year ended June 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our performance audit.

We conducted this performance audit in accordance with standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit does not provide a legal determination on the District's compliance with specific requirements.

The attached performance audit presents the objectives and scope of services for the audit of the Measure H - Building Fund Program. The report also includes the procedures performed and the results of those procedures.

In our opinion, Summerville Union High School District's Measure H - Building Fund Program complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2014. This report is intended solely for the information and use of the District's Board, and the Measure H, General Obligation Bonds, Election of 2012, Citizens' Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 5, 2014

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

EXECUTIVE SUMMARY

Background

In a general election held on November 7, 2000, California voters approved Proposition 39, which provides that the governing board of a school district may pursue the authorization and issuance of bonds by a 55% vote of the electorate. As a result of the passage of Proposition 39, language was added to the Education Code addressing the requirement to establish a Citizens' Oversight Committee to monitor and audit bond proceeds to ensure they are spent only on school and classroom improvements and not for any other purpose.

Proposition 39 contains two specific reporting requirements that are applicable to the District's general obligation bond program. The first requirement is for school district boards to provide for an annual, independent financial audit of the proceeds from the sale of the bonds until all of the funds have been expended for school facilities projects. The second requirement is for school district boards to provide for an annual, independent performance audit to ensure that the bond funds have been expended only on the specific projects listed in the ballot measure.

Financial audits provide reasonable assurance about whether the financial statements of an entity present fairly the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Performance audits are an objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization, program, or activity, in order to provide information to improve public accountability and facilitate decision making by parties with responsibility to oversee or initiate corrective action.

The Governing Board of Summerville Union High School District voted to place a 55% school facilities bond (Measure H) on the November 2012 ballot. On November 6, 2012, the Measure H, General Obligation Bonds, Election of 2012, were authorized at a general election of the registered voters of the District, at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of general obligation bonds with a principal amount not to exceed \$8 million.

Summerville Union High School District engaged Stephen Roatch Accountancy Corporation to perform the required financial and performance audits of the Measure H - Building Fund for the fiscal year ended June 30, 2014.

Objective

The objective of the performance audit is to provide an independent assessment of the District's compliance with certain state laws and procedures, as specified by the Summerville Union High School District, for the purpose of assisting the Measure H, General Obligation Bonds, Election of 2012 Citizens' Oversight Committee to:

- Inform the public concerning the expenditure of bond funds.
- Ensure that bond funds are expended only for the purposes described in the ballot measure.
- Ensure that no funds are used for any teacher or administrative salaries or any other school operating expenditures.

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

EXECUTIVE SUMMARY (CONCLUDED)

Scope of Services

To achieve the stated objective, the Summerville Union High School District requested Stephen Roatch Accountancy Corporation conduct a performance audit that consists solely of the following procedures:

- Review expenditures made from the bond proceeds and determine if the bond funds were used only for the purposes of 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. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if any of the bond funds were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))
- Review expenditures made from the bond proceeds and determine if the bond funds were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))
- Review expenditures made from the bond proceeds and determine if bond funds were expended in accordance with District and State guidelines for bidding and procurement.
- Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.
- Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.
- Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.
- Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.
- Make recommendations that will help to improve the District bond program, if applicable.

Conclusion

On December 5, 2014, Stephen Roatch Accountancy Corporation completed the above procedures, which constitute the performance audit of the Measure H - Building Fund, for the fiscal year ended June 30, 2014. The results of the performance audit are presented in the Summary of Audit Results section of this report.

SUMMARY OF AUDIT RESULTS

SUMMERVILLE UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDIT RESULTS

1. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were used only for the purposes of 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. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

All expenditures reviewed were made for allowable purposes in accordance California Constitution, Article XIII A, 1(b)(3)(A).

2. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were used to pay for teacher or administrative salaries, or any other school operating expenditures. (California Constitution, Article XIII A, 1(b)(3)(A))

Results:

None of the expenditures reviewed were used to pay for teacher or administrative salaries, or any other school operating expenditures prohibited by California Constitution, Article XIII A, 1(b)(3)(A).

3. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were spent only on projects identified in the ballot measure. (California Constitution, Article XIII A, 1(b)(3)(C))

Results:

All expenditures reviewed were made for projects that were identified in the ballot measure.

4. Procedure:

Review expenditures that will be charged against the bond proceeds and determine if they were expended in accordance with District and State guidelines for bidding and procurement.

Results:

We noted no instances where District and State guidelines for bidding and procurement were not followed.

SUMMERTON UNION HIGH SCHOOL DISTRICT
MEASURE H - BUILDING FUND
PERFORMANCE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDIT RESULTS (CONCLUDED)

5. Procedure:

Review the accounting system and account codes used by the District, and determine if they provide an adequate system for tracking bond fund expenditures by project.

Results:

The accounting system and account codes used by the District provide an adequate system for tracking bond fund expenditures by project.

6. Procedure:

Review and evaluate whether the District's actions are consistent with assertions presented in the ballot measure.

Results:

The District's actions appear to be consistent with assertions presented in the ballot measure.

7. Procedure:

Review payments made to vendors and contractors to determine if the payments were made in accordance with required payment schedules.

Results:

All payments reviewed were made in accordance with required payment schedules.

8. Procedure:

Review the bond sale transactions and determine if all bond proceeds were deposited into the appropriate District funds and/or bond trustee accounts.

Results:

There were no sales of general obligation bonds during fiscal year 2013-14.

9. Procedure:

Make recommendations that will help to improve the District bond program, if applicable.

Results:

There are no recommendations to report as a result of this performance audit.

**SUMMERVILLE UNION HIGH SCHOOL DISTRICT
Citizens' Bond Oversight Committee
2015**

**Summerville High School Library
4:00 PM – 5:00 PM**

All Regular Meetings on the 4th Monday Unless Noted

Month	Date	Note:
February	23	
May	18	3rd Monday due to Memorial Day Holiday
August	24	
November	16	3rd Monday due to Thanksgiving