

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
Sacramento, California

**MEASURE Q GENERAL OBLIGATION BONDS**  
**PERFORMANCE AUDIT**  
June 30, 2014

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT  
June 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have conducted a performance audit of the Sacramento City Unified School District (the "District") Measure Q General Obligation Bond funds for the year ended June 30, 2014.

We conducted our performance audit in accordance with *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 conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

Our audit was limited to the objectives listed on page 6 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure Q General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Sacramento City Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Sacramento City Unified School District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2014 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

  
Crowe Horwath LLP

Sacramento, California  
December 11, 2014

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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## LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "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," upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

## SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE Q GENERAL OBLIGATION BONDS

On November 6, 2012, the electorate of Sacramento City Unified School District approved the \$346 million "Measure Q" General Obligation Bonds with greater than 55% of the qualified votes in favor. A summary of the text of the ballot language was as follows:

*"To better prepare students for college and careers by upgrading classrooms, science labs, computer systems and technology; renovating heating and ventilation system; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems; shall Sacramento City Unified School District issue \$346 million in bonds with independent citizen oversight, no money for administrator salaries, and mandatory annual audits to guarantee funds are spent properly to benefit local children."*

## BOND PROJECT LIST

### Core Academic Renovation, Modernization, Repair and Upgrade Projects

Bond funds will be expended on projects to provide safe, secure and up-to-date facilities and equipment, to repair and replace aging infrastructure, to update school grounds, safety and security systems, to repair and replace plumbing, and to increase energy efficiency, and conserve resources, which projects would include, but not be limited to:

- Modernize, renovate, reconstruct, repair and/or upgrade classrooms, aging science labs, equipment and computer systems to meet current standards and support academic and career pathways necessary to prepare students to compete in a global economy;
- Repair, or replace old, leaky roofs and gutters, worn-out floors, doors, ceilings, walls, windows, lighting and restrooms;

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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**BOND PROJECT LIST (Continued)**

**Core Academic Renovation, Modernization, Repair and Upgrade Projects (Continued)**

- Improve student safety and security systems, including lighting, fencing, gates, communications systems, cameras, and classroom door locks;
- Install energy efficient systems, such as solar photovoltaic panels, dual-pane windows, solar tube skylights, automatic hand dryers, and energy-efficient water heaters to reduce costs and protect the quality of instruction in core subjects like reading, math, science and technology;
- Upgrade technology infrastructure and electrical service capacity and distribution, to relieve overloaded electrical systems so that it can handle modern instructional technology;
- Repair or replace plumbing, fixtures, appliances, irrigation systems and drains with efficient alternatives such as low-flow fixtures and dual-flush toilets to improve water efficiency and reduce usage and costs;
- Construct, reconstruct, repair and renovate existing facilities to accommodate new or expanded programs as defined at specific school sites – technology center, learning labs, media center, health center, and other academic, college and career pathways;
- Repair, modernize or replace portable classrooms with permanent classrooms;
- Repair, upgrade and/or replace heating, ventilation, and air conditioning (HVAC) and lighting systems, with building code compliant energy efficient systems improving air quality and reducing operating costs, allowing the district to retain qualified teachers and programs;
- Make school site safety improvements to include repairing or replacing sidewalks, concrete and asphalt surfaces, including in the parking areas, the service areas, and the pick-up and drop-off areas and campus core areas;
- Make health and safety renovations and/or improvements including, but not limited to removal or mitigation of hazardous materials;
- Handicap accessibility improvements to meet current health, safety and instructional standards;
- Upgrade fire alarm systems, including fire safety equipment and sprinklers to make students safe in the event of an emergency.

*Authorized Sites:* Authorized at all District sites, including but not limited to: American Legion Continuation High School, C.K. McClatchy High School, John F. Kennedy High School, Hiram W. Johnson High School, Kit Carson School, Luther Burbank High Schools, West Campus High School, Albert Einstein Middle School, and Sacramento High School Facility.

**Technology Upgrades throughout District**

Bond funds will be used to provide technological upgrades including:

- Upgrade instructional technology in the classroom for improved student learning;
- Provide and maintain up-to-date technology, data and communications software and equipment;
- Upgrade electrical capacity and technology infrastructure, including fiber-optics and wireless internet access;
- Improve telephone, data, video, and communications systems.

*Authorized Sites:* These projects are authorized at all District sites.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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**BOND PROJECT LIST (Continued)**

**District-Wide Fire and Irrigation Improvements**

Bond funds will be used to make fire and irrigation improvements at all District school sites to improve student safety in the event of an emergency and to improve water and irrigation systems to reduce water usage and costs, which projects will include, but not be limited to:

- Upgrade, modernize, renovate and repair existing landscape irrigation service to include new “smart” irrigation meters;
- Replace, repair or upgrade fire hydrants;
- Upgrade fire alarm systems, including fire safety equipment and sprinklers to make students safe in the event of an emergency.

*Authorized Sites:* These projects are authorized at all District sites.

**Resource and Energy Conservation Improvement Projects Throughout the District**

Bond funds will be used to implement resource and energy conservation improvements, including improvements that align with the District’s Sustainable Facilities Master Plan, to promote efficient use, and conservation of resources, reduce energy and water usage and costs, which projects would include, but not be limited to:

- Install energy efficient systems, such as solar photovoltaic panels, dual-pane windows, solar tube skylights, automatic hand dryers, and energy-efficient water heaters and other appliances to save money and natural resources;
- Upgrade, repair or replace plumbing fixtures, appliances, irrigations systems and drains with efficient alternatives, such as low-flow fixtures and dual-flush toilets;
- Modernize lighting systems, heating, ventilation, and air conditioning (HVAC) with building code compliant energy efficient systems, to conserve energy and improve classroom air quality;

Each project listed is assumed to include its share of costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual financial and performance audits, a customary construction contingency, and other costs incidental to and necessary for design, planning, implementation and completion of the listed projects (whether work is performed by the District or by third parties), including:

- Remove, dispose of, and otherwise remediate hazardous materials, including asbestos, lead, etc., where necessary.
- Address unforeseen conditions revealed by construction/modernization (including plumbing or gas line breaks, dry rot, seismic, structural, etc.).
- Site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, demolition of existing structures, removing, replacing, or installing irrigation and drainage, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, traffic lights and mitigation, and acquiring any necessary easements, licenses, or rights of way to the property.
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION

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**BOND PROJECT LIST** (Continued)

**Resource and Energy Conservation Improvement Projects Throughout the District** (Continued)

- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under a lease for any of these authorized facilities.
- Furnishing and equipping of existing and newly constructed, modernized or rehabilitated classrooms and facilities on an ongoing basis, including to replace worn, broken, or out-of-date furniture and equipment for all classrooms, athletic facilities and other facilities, as needed.
- For any project involving renovation, modernization, remodeling or rehabilitation of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the Board of Education determines that replacement and new construction is more practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

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**OBJECTIVES**

The objective of our performance audit was to determine that the District expended Measure Q General Obligation Bond funds for the year ended June 30, 2014 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

**SCOPE**

The District provided to us a list of all Measure Q General Obligation Bond projects and specific expenditures for the year ended June 30, 2014 (the "List"). A total of \$28,818,608 in expenditures from July 1, 2013 through June 30, 2014 were identified.

**METHODOLOGY**

We performed the following procedures to the List of Measure Q General Obligation Bond project expenditures for the year ended June 30, 2014:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed test to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the expenditures list.
- Reconciled the list to total bond expenditures as reported by the District to the District's audited financial statements for the year ended June 30, 2014, presented as part of the Building Fund.
- Selected a sample of 98 expenditures totaling \$19,747,331 from Measure Q (See Attachment A). The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the sampled expenditures were for authorized projects developed by the District's Governing Board.

**CONCLUSION**

The results of our tests indicated that, in all significant respects, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2014 only for the specific projects developed by the District's Board of Education and approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF SPECIFIC EXPENDITURES TESTED

	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
1	APPLE INC	8/23/2013	\$ 3,968,050
2	APPLE INC	8/30/2013	2,623,785
3	AMS.NET INC	4/30/2014	871,007
4	LANDMARK MODERNIZATION CONTRACTORS	10/31/2013	621,528
5	AMS.NET INC	10/28/2013	611,276
6	APPLE INC	10/31/2013	557,382
7	AMS.NET INC	11/20/2013	542,541
8	ROEBBELEN CONTRACTING INC	10/24/2013	522,690
9	ROEBBELEN CONTRACTING INC	7/30/2013	512,088
10	AMS.NET INC	2/28/2014	511,123
11	AMS.NET INC	11/21/2013	419,725
12	INFINITE CAMPUS INC	5/30/2014	388,250
13	TURNER CONSTRUCTION COMPANY	12/3/2013	371,891
14	CDW GOVERNMENT	11/29/2013	366,668
15	CLARK & SULLIVAN BUILDERS, INC	7/31/2013	347,882
16	AMS.NET INC	3/31/2014	344,543
17	ACE TECHNOLOGY PARTNERS LLC DBA ACE COMPUTERS	7/25/2013	282,100
18	AMS.NET INC	5/31/2014	257,862
19	LANDMARK MODERNIZATION CONTRACTORS	8/30/2013	254,038
20	LANDMARK MODERNIZATION CONTRACTORS	10/18/2013	252,702
21	CLARK & SULLIVAN BUILDERS, INC	9/25/2013	236,397
22	INFINITE CAMPUS INC	12/31/2013	234,353
23	APPLE INC	1/16/2014	198,942
24	LANDMARK MODERNIZATION CONTRACTORS	7/30/2013	180,583
25	CDW GOVERNMENT	8/2/2013	158,716
26	AMS.NET INC	10/29/2013	158,095
27	LANDMARK MODERNIZATION CONTRACTORS	8/16/2013	155,151
28	TURNER CONSTRUCTION COMPANY	9/19/2013	149,454
29	ROEBBELEN CONTRACTING INC	2/18/2014	114,000
30	HEWLETT PACKARD	12/19/2013	106,422
31	COMPUTER INFORMATION CONCEPTS	11/21/2013	103,620
32	CLARK & SULLIVAN BUILDERS, INC	1/6/2014	102,287
33	STUDEBAKER BROWN ELECTRIC INC	2/28/2014	100,883
34	E-BUILDER, INC.	3/26/2014	96,681
35	ROEBBELEN CONTRACTING INC	10/10/2013	94,374
36	LANDMARK MODERNIZATION CONTRACTORS	1/7/2014	89,577
37	ROEBBELEN CONTRACTING INC	4/23/2014	86,210
38	CDW-G	11/15/2013	85,903
39	SEWARD L SCHREDER CONST INC	8/30/2013	84,587
40	RAY MORGAN COMPANY	10/31/2013	82,000
41	LANDMARK MODERNIZATION CONTRACTORS	4/30/2014	80,767
42	LANDMARK MODERNIZATION CONTRACTORS	3/31/2014	79,137
43	AMS.NET INC	3/20/2014	78,899
44	ROEBBELEN CONTRACTING INC	4/23/2014	78,562
45	AMS.NET INC	11/21/2013	75,908
46	SEWARD L SCHREDER CONST INC	11/15/2013	75,196

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF SPECIFIC EXPENDITURES TESTED

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47	AMS.NET INC	2/13/2014	74,238
48	LANDMARK MODERNIZATION CONTRACTORS	8/30/2013	74,039
49	LANDMARK MODERNIZATION CONTRACTORS	4/30/2014	70,113
50	LANDMARK MODERNIZATION CONTRACTORS	6/13/2014	69,331
51	TURNER CONSTRUCTION COMPANY	1/31/2014	68,563
52	SEWARD L SCHREDER CONST INC	11/14/2013	64,056
53	HMR ARCHITECTS	11/1/2013	63,104
54	LANDMARK MODERNIZATION CONTRACTORS	2/7/2014	62,797
55	APPLE INC	8/30/2013	62,336
56	INFINITE CAMPUS INC	5/14/2014	59,935
57	TSE-N METRO NORTH AMERICA INC DBA EYEVUEW 24	8/27/2013	58,160
58	CUMMING CONSTRUCTION MGMT	8/31/2013	56,258
59	HMC ARCHITECTS	3/1/2014	52,104
60	SHOUTPOINT, INC.	4/18/2014	51,949
61	HMC ARCHITECTS	4/1/2014	49,736
62	CLARK & SULLIVAN BUILDERS, INC	11/22/2013	49,577
63	APPLE INC	8/31/2013	45,335
64	PORTABLE FACILITIES LEASING	10/14/2013	45,117
65	CDW GOVERNMENT	8/5/2013	44,955
66	E ROZAKIS RESTORATION	7/25/2013	43,800
67	LINMOORE FENCING & IRON WORKS	3/18/2014	43,245
68	SEWARD L SCHREDER CONST INC	8/30/2013	42,938
69	INFINITE CAMPUS INC	4/11/2014	42,231
70	HMR ARCHITECTS	9/25/2013	42,177
71	RAINFORTH GRAU ARCHITECTS	10/31/2013	41,486
72	CDW-G	12/5/2013	41,087
73	HMC ARCHITECTS	11/1/2013	40,860
74	HMC ARCHITECTS	2/1/2014	39,650
75	NSP3	8/7/2013	38,869
76	VIRCO MANUFACTURING CORP	8/26/2013	37,235
77	APPLE INC	8/2/2013	37,195
78	SEWARD L SCHREDER CONST INC	10/8/2013	36,568
79	HMC ARCHITECTS	5/1/2014	35,525
80	HMC ARCHITECTS	12/1/2013	35,400
81	HMC ARCHITECTS	2/1/2014	34,705
82	HMC ARCHITECTS	11/1/2013	33,300
83	APPLE INC	8/29/2013	32,347
84	HEWLETT PACKARD	11/22/2013	30,017
85	ALLIED BUILDING PRODUCTS	8/29/2013	29,604
86	CUMMING CONSTRUCTION MGMT	8/16/2013	26,680
87	CUMMING CONSTRUCTION MGMT	8/16/2013	26,680
88	DIVISION OF THE STATE ARCHITECT	8/16/2013	17,875
89	DIVISION OF THE STATE ARCHITECT	8/16/2013	17,875
90	MCF CONSTRUCTION SERVICES	11/21/2013	14,943
91	COMMUNITY ARCHITECTURE	9/25/2013	11,810

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF SPECIFIC EXPENDITURES TESTED

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92	OLD CASTLE BUILDING ENVELOPE	1/9/2014	10,456
93	SHIFFLER EQUIPMENT SALES, INC	10/24/2013	8,081
94	BEN SHULMAN CONSULTING, INC.	3/27/2014	6,675
95	PAYROLL EXPENSE - TED WATTENBERG	5/30/2014	6,623
96	PAYROLL EXPENSE - FARAH MCDILL	5/30/2014	4,149
97	FERGUSON ENTERPRISES INC	11/6/2013	1,262
98	CDW-G	10/21/2013	445
			<hr/>
			\$19,747,331