

HILLSBOROUGH CITY SCHOOL DISTRICT

CITIZENS' OVERSIGHT COMMITTEE

February 16, 2023

11:00 am

Hillsborough City School District

Meeting held Via Zoom

**AGENDA**

1.0 CALL TO ORDER

2.0 APPROVAL OF AGENDA/AGENDA HEARING PERIOD

(The Committee allows those requesting to speak to the Committee, may address the Chair on any agenda item)

3.0 CURRENT BUSINESS

3.1 Introduction

3.2 2022 Measure H Project Updates

Ron Russo, Larry Raffo

3.3 Fiscal Year 2021-22 Bond Audit Presentation

Paul Pham, Chavan and Associates, LLC

3.4 Measure H Project Updates

Eric Van Pelt , Van Pelt Construction Services, HCSD Measure H Program /  
Construction Manager

4.0 PUBLIC ADDRESS

Items Not On The Agenda For Future Consideration

(Under Government Code 54954.3, members of the public have the right to address the Committee on any matter within the Committee's jurisdiction. However, the Committee may not discuss or take action any non-agenda item. Individual speakers may be allowed time limit at the discretion of the Committee.)

5.0 ADJOURNMENT

*If you are an individual with a disability and need accommodation to participate, please contact the District Office at (650)342-5193 at least 48 hours in advance.*

*Public records that relate to any item on this agenda are available for public inspection. Records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members of the committee. The Board of Trustees has designated the office at 300 El Cerrito Avenue, Hillsborough, CA for the purpose of making public records available for inspection.*

**RESOLUTION OF THE BOARD OF EDUCATION OF THE  
HILLSBOROUGH CITY SCHOOL DISTRICT  
ESTABLISHING A CITIZENS' BOND OVERSIGHT COMMITTEE**

**RESOLUTION 2023-01**

**WHEREAS**, on February 16, 2022, the Board of Education (the "Board") of the Hillsborough City School District (the "District") adopted Resolution number 2022-01, ordering a school bond election, establishing specifications of the election order, and requesting consolidation with other elections;

**WHEREAS**, an election was conducted on June 7, 2022, and approximately 61% of the votes cast were in favor of the measure authorizing the District to incur bonded indebtedness ("Measure H");

**WHEREAS**, the Board has previously established and appointed an independent citizens' bond oversight committee ("CBOC") for the bond measure approved at the bond election on November 5, 2002 (the "2002 Bond Measure"), and the Board desires that the existing CBOC constitute the CBOC for all current and future bond measures, including the 2022 Bond Measure; and

**NOW, THEREFORE**, the Board of Education of the Hillsborough City School District does hereby resolve, determine and order as follows:

Section 1 - Establishment of the Citizens' Bond Oversight Committee

The CBOC established for the 2002 Bond Measure is hereby designated as the CBOC for the Measure H bond program and for all future bond measures. The Superintendent or her designee is hereby authorized to take any further action as may be necessary to carry out the intent of this Resolution.

Section 2 - Purpose of the Citizens' Bond Oversight Committee

In accordance with Education Code section 15278(b), the purpose of the CBOC shall be to:

1. Inform the public concerning the District's expenditure of Measure H bond proceeds;
2. Review expenditure reports produced by the District to ensure that Measure H bond proceeds were expended only for the purposes set forth in Measure H; and
3. Present to the Board in public session, an annual written report outlining their activities and conclusions regarding the expenditure of Measure H bond proceeds.

Section 3 - Membership on the Citizens' Bond Oversight Committee

1. The CBOC shall consist of a minimum of seven citizens who have had no current or past financial relationship with the District (other than as donors to the Hillsborough Schools Foundation).

2. CBOC Members shall serve for a term of two-years, without compensation and for no more than two consecutive terms. The terms shall be staggered by lot for the first Committee. CBOC membership shall include, but not be limited to the following:
  - a. One member shall be active in a business organization representing the business community located within the District.
  - b. One member shall be active in a senior citizens' organization.
  - c. One member shall be active in a bona fide taxpayers' organization.
  - d. One member shall be the parent or guardian of a child enrolled in the district.
  - e. One member shall be both a parent or guardian of a child enrolled in the District and an active member of school site council in Hillsborough City School District.
3. CBOC membership shall include no vendors and no current Board of Education Members; it shall not have any overemphasis on government employees or on union or employee association members.
4. Qualifications for membership will be based on:
  - a. broad representation of the community;
  - b. interest and experience in construction, finance and/or auditing;
  - c. volunteering and involvement in school activities;
  - d. length of time in the community.
5. CBOC members shall be Board appointed after completing an application process established by the Board of Education.

#### Section 4 – Authorized Activities of the Citizens' Bond Oversight Committee

The CBOC may engage in the activities authorized under Education Code Section 15278 subsection (c), including:

1. Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.
2. Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Superintendent or business official.
3. Review copies of deferred maintenance plans developed by the District.
4. Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

#### Section 5 - Operation and Organization of the Citizens' Bond Oversight Committee

1. The CBOC shall conduct its business in compliance with the Ralph M. Brown Act.
2. The CBOC shall follow parliamentary procedures and keep and provide regular minutes of all meetings.

3. The CBOC shall review the annual financial audit of the Bond.
4. The CBOC shall review the annual performance audit to ensure that Bond funds have been expended only on the specified projects.
5. The members of the CBOC shall serve for two-year terms and shall serve no more than two consecutive terms.
6. The CBOC shall elect a chair and a co-chair who shall each serve a two-year term.
7. The total committee shall have an odd number of appointees.
8. Unless excused by the CBOC chair or co-chair, members who have been absent for more than two consecutive meetings shall be deemed to have resigned from the CBOC.
9. Vacancies on the CBOC shall be filled based on the original appointment criteria and process.
10. The CBOC shall be disbanded when the Bond proceeds have been fully expended and all projects completed.
11. The CBOC shall not be required to meet when there is no construction activity occurring.

**PASSED AND ADOPTED** by the Hillsborough City School District Board of Education at a meeting held on the 15th day of February, 2023 by the following vote:

AYES:

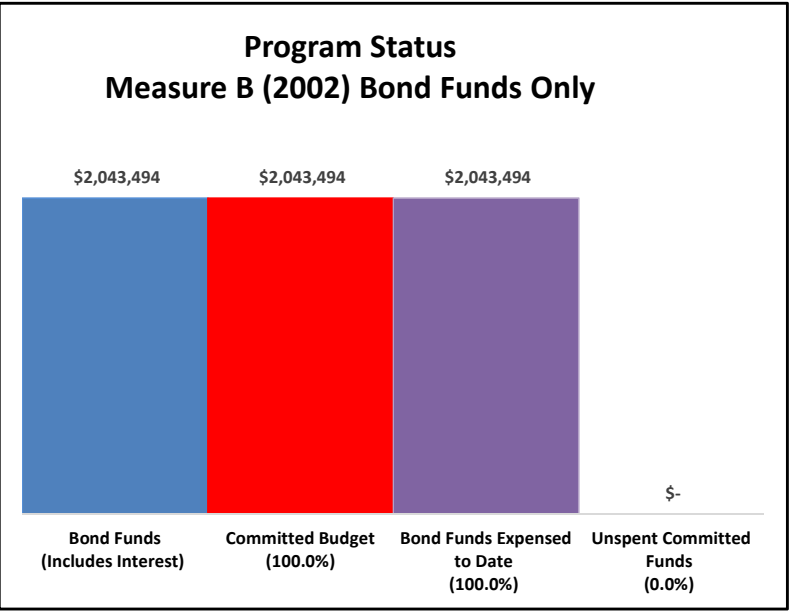
NOES:

ABSENT:

Hillsborough City School District - Measure B (2002)  
Master Program Budget



FUNDING								
Fiscal Period	State Funding	Local Funding					Other Funding	Total Per Fiscal Year
	State SFP Funding (F35)	Measure B (2002) Bond Fund (F21)	Measure B (2002) Bond Interest (F21)	Cost of Issance	CalSHAPE Grant Funds	General Funding (F01)		
Actual Received To Date								
Fiscal Year 2017-2018						3,333	-	3,333
Fiscal Year 2018-2019		2,118,566	19,766	(128,612)		(3,333)		2,006,387
Fiscal Year 2019-2020			23,234			-	-	23,234
Fiscal Year 2020-2021			7,141			-	-	7,141
Fiscal Year 2021-2022			3,399.12			-	-	3,399
Fiscal Year 2022-2023						-	-	-
Total Received To Date	-	2,118,566	53,540	(128,612)	-	-	-	2,043,494
Budgeted To Receive								
Total Budgeted to Receive	-	-	-	-	-	-	-	-
Total Funding	\$ -	\$ 2,118,566	\$ 53,540	\$ (128,612)	\$ -	\$ -	\$ -	\$ 2,043,494



BUDGETS through 9-15-22 - EXPENDITURES through 9-15-22													
Proj ID	Project	Measure B (2002) Bond Fund & Interest (F21)	General Fund (F01)	Grant Funds	Other Funding	Initial Budget	Current Budget	Committed Budget	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget	% Complete
	School Project												
WR	West Roofing Project	171,401	-	-	-	302,270	171,401	171,401	171,401	-	-	-	100%
WC	Windows Covering Safety Project	145,630	-	-	-	152,469	145,630	145,630	145,630	-	-	-	100%
CPSR	Crocker MS Parking Stalls Re-Striping	33,138	-	-	-	18,595	33,138	33,138	33,138	-	-	-	100%
CSDR	Crocker MS Storm Drain Repair	36,182	-	-	-	36,182	36,182	36,182	36,182	-	-	-	100%
NAR	North ES Asphalt Repairs	72,344	-	-	-	72,344	72,344	72,344	72,344	-	-	-	100%
WWR	West Water Main Replacment	23,370	-	-	-	23,370	23,370	23,370	23,370	-	-	-	100%
	District-Wide Projects												
DWT	District-Wide Technology	1,016,772	-	-	-	1,129,000	1,016,772	1,016,772	1,016,772	-	-	-	100%
DPC	District Pilot Cooling Project	89,827	-	-	-	124,000	89,827	89,827	89,827	-	-	-	100%
DPC2	District Pilot Cooling Project - Phase 2	91,475	-	-	-	110,200	91,475	91,475	91,475	-	-	-	100%
DWCOVID	District-Wide COVID-19 Readiness	149,622	-	-	-	65,500	149,622	149,622	149,622	-	-	-	100%
FAN	Fan Project	134,444	-	-	-	150,052	134,444	134,444	134,444	-	-	-	100%
Projects Subtotal		\$ 1,964,204	\$ -	\$ -	\$ -	\$ 2,183,982	\$ 1,964,204	\$ 1,964,204	\$ 1,964,204	\$ -	\$ -	\$ -	
PROG	Program Expenses	79,290	-	-	-	29,500	79,290	79,290	79,290	-	-	-	
ESC	Escalation Reserve	-	-	-	-	-	-				-	-	
PR	Program Reserve	-	-	-	-	50,000	-				-	-	
Program Expenses Subtotal		\$ 79,290	\$ -	\$ -	\$ -	\$ 79,500	\$ 79,290	\$ 79,290	\$ 79,290	\$ -	\$ -	\$ -	
Total Project & Program		\$ 2,043,494	\$ -	\$ -	\$ -	\$ 2,263,482	\$ 2,043,494	\$ 2,043,494	\$ 2,043,494	\$ -	\$ -	\$ -	

	Unallocated Funding:	\$ -
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	Master Program Budget:	\$ 2,043,494
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Hillsborough City School District Measure B (2002)  
Master Program Budget Comparison Report  
Includes Activity through 09/15/22

FUNDING			
Type of Funding	Previously Reported 02/04/22	Current Funding	Change
Measure B Bond Funds	2,118,566	2,118,566	-
Measure B Bond Interest	51,409	53,540	2,131
Measure B Bond Cost of Issuance	(128,612)	(128,612)	-
General Funding	-	-	-
Other Funding	-	-	-
Total Funding	2,041,363	\$ 2,043,494	2,131

		Budget			Committed			Expenditures		
Proj ID	Project	Previously Reported 02/04/22	Current Budget	Change	Previously Reported 02/04/22	Current Committed	Change	Previously Reported 02/04/22	Current Expensed	Change
School Projects										
WR	West Roofing Project	171,401	171,401	-	171,401	171,401	-	171,401	171,401	-
WC	Windows Covering Safety Project	145,630	145,630	-	145,630	145,630	-	145,630	145,630	-
CPSR	Crocker MS Parking Stalls Re-Striping	18,595	33,138	14,543	18,595	33,138	14,543	-	33,138	33,138
CSDR	Crocker MS Storm Drain Repair	36,182	36,182	-	36,182	36,182	-	-	36,182	36,182
NAR	North ES Asphalt Repairs	72,344	72,344	-	72,344	72,344	-	-	72,344	72,344
WWR	West Water Main Replacment	23,370	23,370	-	23,370	23,370	-	-	23,370	23,370
District Wide Projects										
DWT	District-Wide Technology	1,016,772	1,016,772	-	1,016,772	1,016,772	-	1,016,772	1,016,772	-
DPC	District Pilot Cooling Project	89,827	89,827	-	89,827	89,827	-	89,827	89,827	-
DPC2	District Pilot Cooling Project - Phase 2	91,475	91,475	-	91,475	91,475	-	91,475	91,475	-
DWCOVID	District-Wide COVID-19 Readiness	149,682	149,622	(60)	149,682	149,622	(60)	145,622	149,622	4,000
FAN	Fan Project	137,052	134,444	(2,608)	137,052	134,444	(2,608)	-	134,444	134,444
Projects Subtotal		1,952,329	1,964,204	11,875	1,952,329	1,964,204	11,875	1,660,726	1,964,204	303,478
PROG	Program Expenses	89,034	79,290	(9,744)	89,034	79,290	(9,744)	64,944	79,290	14,347
	Construction Cost Escalation		-	-						
	Program Reserve	-	-	-						
Program Expenses Subtotal		89,034	79,290	(9,744)	89,034	79,290	(9,744)	64,944	79,290	14,347
Total Project & Program		2,041,363	2,043,494	2,131	2,041,363	2,043,494	2,131	1,725,670	2,043,494	317,825
Program Balance (Unassigned Budgets)		-	-	-						
Master Program Budget		2,041,363	2,043,494	2,131						

Hillsborough City School District - Measure B (2002)  
Budget Modification Detail Log

Current Period Budget Modifications: **\$2,131.06**  
Prior Period Budget Modifications: **\$254,124.11**  
Total Budget Modifications: **\$256,255.17**

All Projects

Budget Modifications through 09/15/22								
Project	Project ID	Transaction Date	Publishing Date	Fiscal Year	CPM Object Code	Account Description	Reason for Modification	Amount
Fan Project-FAN	FAN	04/18/22	12/28/22	21-22	6420.001	F&E Capitalized - BAF Ceiling Fans	Increase budget to reflect purchase of additional Fans	5,370.63
District-Wide COVID-19 Readiness-DWCOVID	DWCOVID	09/15/22	12/28/22	21-22	6120	Special Studies	Reduce budget. Project Complete	(60.00)
Fan Project-FAN	FAN	09/15/22	12/28/22	21-22	6216	Project Mgmt. (Design Phase)	Reduce budget. Project Complete	(8,000.00)
Fan Project-FAN	FAN	09/15/22	12/28/22	21-22	6420.001	F&E Capitalized - BAF Ceiling Fans	Increase budget to reflect actual costs incurred	21.56
Program Expenses-PROG	PROG	09/15/22	12/28/22	21-22	6208	Program Management & Bond Accounting Services	Reduce budget. Bond Program nearing completion	(6,822.44)
Crocker MS Parking Stalls Re-Striping-CPSR	CPSR	09/15/22	12/28/22	21-22	6243	General Contractor	Increase budget to reflect actual bond expenditures for pavement striping at Crocker MS	14,542.56
Program Expenses-PROG	PROG	06/30/21	12/28/22	21-22	6208	Program Management & Bond Accounting Services	Reduce budget to reflect completion of Bond Program	(2,921.25)

**Hillsborough City School District - Measure B (2002)**  
**Funding Modification Detail Log**

As of: 09/15/22

**All Projects**

**Total Funding Modifications:**                      **\$0.00**                      **\$2,131.06**                      **\$2,131.06**

Funding Modifications						
Project	Reason for Change	Transaction Date	Publishing Date	Local Funding		Total Net Modification
				Bond Funds	Bond Interest	
Fan Project-FAN	Increase funding to reflect purchase of additional fans	04/18/22	12/28/22	5,370.63		5,370.63
Unallocated Funding-UF	Decrease Unallocated funding. Transferred to Fan Project.	04/18/22	12/28/22	(5,370.63)		(5,370.63)
Unallocated Funding-UF	Increase funding to reflect bond interest revenue for remainder of FY2021-22	09/09/22	12/28/22		2,131.06	2,131.06
District-Wide COVID-19 Readiness-DWCOVID	Decrease funding to reflect project completion. Transferred to Unallocated Funding	09/15/22	12/28/22	(60.00)		(60.00)
Unallocated Funding-UF	Increase funding. Transferred from District-Wide COVID-19 Readiness project	09/15/22	12/28/22	60.00		60.00
Fan Project-FAN	Decrease funding to reflect project completion. Transferred to Unallocated Funding	09/15/22	12/28/22	(7,978.44)		(7,978.44)
Unallocated Funding-UF	Increase funding. Transferred from District-Wide COVID-19 Readiness project	09/15/22	12/28/22	7,978.44		7,978.44
Program Expenses-PROG	Decrease funding to reflect budget reduction as Bond Program nears completion. Transferred to Unallocated Funding	09/15/22	12/28/22	(6,822.44)		(6,822.44)
Unallocated Funding-UF	Increase funding. Transferred from Program Expense budget	09/15/22	12/28/22	6,822.44		6,822.44
Unallocated Funding-UF	Decrease funding. Transfer to Crocker MS Parking Stalls Re-Striping project	09/15/22	12/28/22	(14,542.56)		(14,542.56)
Crocker MS Parking Stalls Re-Striping-CPSR	Increase funding to reflect budget increase to cover actual bond expenditures for striping services at Crocker MS	09/15/22	12/28/22	14,542.56		14,542.56
Program Expenses-PROG	Decrease funding to reflect Bond Program completion.	06/30/21	12/28/22	(2,921.25)		(2,921.25)
Unallocated Funding-UF	Increase Unallocated Funding, Transferred from Program Expenses	06/30/21	12/28/22	2,921.25		2,921.25



# Hillsborough City School District - Measure B (2002)

## Crocker MS Storm Drain Repair

# Budget Detail Report

Project ID: CSDR

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	36,182	-	36,182
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>36,182</b>	<b>-</b>	<b>36,182</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>E - Construction Costs</b>												
General Contractor	6243	36,182	-	-	36,182	36,182	-	36,182	36,182	-	-	-
<b>Construction Costs</b>		<b>36,182</b>	<b>-</b>	<b>-</b>	<b>36,182</b>	<b>36,182</b>	<b>-</b>	<b>36,182</b>	<b>36,182</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>36,182</b>	<b>-</b>	<b>-</b>	<b>36,182</b>	<b>36,182</b>	<b>-</b>	<b>36,182</b>	<b>36,182</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$36,182	100.00%	100.00%
<b>Soft Costs:</b>	\$0	0.00%	0.00%
<b>F&amp;E:</b>	\$0	0.00%	0.00%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>36,182</b>		

# Hillsborough City School District - Measure B (2002)

## Crocker MS Parking Stalls Re-Striping

## Budget Detail Report

Project ID: CPSR

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	18,595	14,543	33,138
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>18,595</b>	<b>14,543</b>	<b>33,138</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>E - Construction Costs</b>												
General Contractor	6243	18,595	-	14,543	33,138	51,733	(18,595)	33,138	33,138	-	-	-
<b>Construction Costs</b>		<b>18,595</b>	<b>-</b>	<b>14,543</b>	<b>33,138</b>	<b>51,733</b>	<b>(18,595)</b>	<b>33,138</b>	<b>33,138</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>18,595</b>	<b>-</b>	<b>14,543</b>	<b>33,138</b>	<b>51,733</b>	<b>(18,595)</b>	<b>33,138</b>	<b>33,138</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$33,138	100.00%	100.00%
<b>Soft Costs:</b>	\$0	0.00%	0.00%
<b>F&amp;E:</b>	\$0	0.00%	0.00%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>33,138</b>		

# Hillsborough City School District - Measure B (2002)

## North ES Asphalt Repairs

# Budget Detail Report

Project ID: NAR

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	72,344	-	72,344
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>72,344</b>	<b>-</b>	<b>72,344</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>E - Construction Costs</b>												
General Contractor	6243	72,344	-	-	72,344	72,344	-	72,344	72,344	-	-	-
<b>Construction Costs</b>		<b>72,344</b>	<b>-</b>	<b>-</b>	<b>72,344</b>	<b>72,344</b>	<b>-</b>	<b>72,344</b>	<b>72,344</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>72,344</b>	<b>-</b>	<b>-</b>	<b>72,344</b>	<b>72,344</b>	<b>-</b>	<b>72,344</b>	<b>72,344</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$72,344	100.00%	100.00%
<b>Soft Costs:</b>	\$0	0.00%	0.00%
<b>F&amp;E:</b>	\$0	0.00%	0.00%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>72,344</b>		

# Hillsborough City School District - Measure B (2002)

## West Water Main Replacment

## Budget Detail Report

Project ID: WWR

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	23,370	-	23,370
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>23,370</b>	<b>-</b>	<b>23,370</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>E - Construction Costs</b>												
General Contractor	6243	23,370	-	-	23,370	23,370	-	23,370	23,370	-	-	-
<b>Construction Costs</b>		<b>23,370</b>	<b>-</b>	<b>-</b>	<b>23,370</b>	<b>23,370</b>	<b>-</b>	<b>23,370</b>	<b>23,370</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>23,370</b>	<b>-</b>	<b>-</b>	<b>23,370</b>	<b>23,370</b>	<b>-</b>	<b>23,370</b>	<b>23,370</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$23,370	100.00%	100.00%
<b>Soft Costs:</b>	\$0	0.00%	0.00%
<b>F&amp;E:</b>	\$0	0.00%	0.00%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>23,370</b>		

Hillsborough City School District - Measure B (2002)  
District-Wide COVID-19 Readiness

Budget Detail Report

Project ID: DWCOVID

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	65,500	84,122	149,622
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
GF - CalSHAPE Grant Funds	-	-	-
<b>Total Funding</b>	<b>65,500</b>	<b>84,122</b>	<b>149,622</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>A - Site Costs</b>												
Special Studies	6120	35,000	-	(60)	34,940	35,000	(60)	34,940	34,940	-	-	-
<b>Site Costs</b>		<b>35,000</b>	<b>-</b>	<b>(60)</b>	<b>34,940</b>	<b>35,000</b>	<b>(60)</b>	<b>34,940</b>	<b>34,940</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E - Construction Costs</b>												
General Contractor - North ES	6243.001	15,300	-	-	15,300	15,300	-	15,300	15,300	-	-	-
General Contractor - Crocker MS	6243.002	4,600	83,442	-	88,042	88,042	-	88,042	88,042	-	-	-
General Contractor - South ES	6243.003	3,300	(240)	-	3,060	3,300	(240)	3,060	3,060	-	-	-
General Contractor - West ES	6243.004	7,300	-	-	7,300	7,300	-	7,300	7,300	-	-	-
<b>Construction Costs</b>		<b>30,500</b>	<b>83,202</b>	<b>-</b>	<b>113,702</b>	<b>113,942</b>	<b>(240)</b>	<b>113,702</b>	<b>113,702</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G - Furniture &amp; Equipment Costs</b>												
Equipment and Supplies	4300	-	980	-	980	980	-	980	980	-	-	-
<b>Furniture &amp; Equipment Costs</b>		<b>-</b>	<b>980</b>	<b>-</b>	<b>980</b>	<b>980</b>	<b>-</b>	<b>980</b>	<b>980</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>65,500</b>	<b>84,182</b>	<b>(60)</b>	<b>149,622</b>	<b>149,922</b>	<b>(300)</b>	<b>149,622</b>	<b>149,622</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$113,702	100.00%	75.99%
<b>Soft Costs:</b>	\$34,940	30.73%	23.35%
<b>F&amp;E:</b>	\$980	0.86%	0.65%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>149,622</b>		

# Hillsborough City School District - Measure B (2002)

## Fan Project

## Budget Detail Report

Project ID: FAN

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	150,052	(15,608)	134,444
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>150,052</b>	<b>(15,608)</b>	<b>134,444</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>C - Consultant Costs</b>												
Project Mgmt. (Design Phase)	6216	8,000	-	(8,000)	-	-	-	-	-	-	-	-
<b>Consultant Costs</b>		<b>8,000</b>	<b>-</b>	<b>(8,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E - Construction Costs</b>												
Fan Installation	6245.014	32,850	-	-	32,850	32,850	-	32,850	32,850	-	-	-
<b>Construction Costs</b>		<b>32,850</b>	<b>-</b>	<b>-</b>	<b>32,850</b>	<b>32,850</b>	<b>-</b>	<b>32,850</b>	<b>32,850</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>G - Furniture &amp; Equipment Costs</b>												
F&E Capitalized - BAF Ceiling Fans	6420.001	96,202	-	5,392	101,594	101,573	22	101,594	101,594	-	-	-
<b>Furniture &amp; Equipment Costs</b>		<b>96,202</b>	<b>-</b>	<b>5,392</b>	<b>101,594</b>	<b>101,573</b>	<b>22</b>	<b>101,594</b>	<b>101,594</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>I - Contingencies/Unallocated</b>												
Construction Contingency	6297	13,000	(13,000)	-	-	-	-	-	-	-	-	-
<b>Contingencies</b>		<b>13,000</b>	<b>(13,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>150,052</b>	<b>(13,000)</b>	<b>(2,608)</b>	<b>134,444</b>	<b>134,423</b>	<b>22</b>	<b>134,444</b>	<b>134,444</b>	<b>-</b>	<b>-</b>	<b>-</b>

		% of Hard Costs	% of Total Project
<b>Hard Construction Costs:</b>	\$32,850	100.00%	24.43%
<b>Soft Costs:</b>	\$0	0.00%	0.00%
<b>F&amp;E:</b>	\$101,594	309.27%	75.57%
<b>Contingencies:</b>	\$0	0.00%	0.00%
	<b>134,444</b>		

# Hillsborough City School District - Measure B (2002)

## Program Expenses

# Budget Detail Report

Project ID: PROG

Funding			
Funding Source	Funding	Funding Changes	Current Funding
21 - Measure B (2002)	29,500	49,790	79,290
25 - Developer Fees	-	-	-
01 - General Funding	-	-	-
14 - Deferred Maintenance	-	-	-
<b>Total Funding</b>	<b>29,500</b>	<b>49,790</b>	<b>79,290</b>

Account Description	CPM Account Code	Budgets through 09/15/22				Committed through 09/15/22			Expenditures through 09/15/22			
		Initial Budget	Prior Periods Changes	Current Period Changes	Revised Budget	Initial Commitment	Approved Changes	Revised Committed	Expensed To Date	Unspent Committed	Unspent Budget	Uncommitted Budget
<b>B - Program Consultant Costs</b>												
Audit Services	5823	4,500	13,500	-	18,000	18,000	-	18,000	18,000	-	-	-
Program Management & Bond Accounting Services	6208	25,000	46,034	(9,744)	61,290	40,045	21,245	61,290	61,290	-	-	-
<b>Consultant Costs</b>		<b>29,500</b>	<b>59,534</b>	<b>(9,744)</b>	<b>79,290</b>	<b>58,045</b>	<b>21,245</b>	<b>79,290</b>	<b>79,290</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>29,500</b>	<b>59,534</b>	<b>(9,744)</b>	<b>79,290</b>	<b>58,045</b>	<b>21,245</b>	<b>79,290</b>	<b>79,290.37</b>	<b>-</b>	<b>-</b>	<b>-</b>

Hillsborough City School District - Measure B (2002)

Committed Costs Summary Report

Includes Expenditures through 09/15/22 and Commitments through 09/15/22



Total Committed Amount										Changes since last published	
Commitment ID	Vendor	PO #	Project ID	Description of Services	Initial Committed Amount	Changes	Revised Committed Amount	Expenditures To Date	Commitment Balance	Commitment	Expenditures
ABI2	Andreini Bros. Inc	220978	NAR	North Asphalt Repairs	72,344.00		72,344.00	72,344.00	-	-	72,344.00
ABI3	Andreini Bros. Inc	220977	CSDR	Crocker MS Storm Drain Repair	36,182.00		36,182.00	36,182.00	-	-	36,182.00
CA4	Chavan & Associates	220878	PROG	Bond Audit Services	4,500.00		4,500.00	4,500.00	-	-	4,500.00
CPM6	Capital Program Management, Inc.	210588	PROG & DPC2	On-Call PM/CM Services	10,000.00	27,719.00	37,719.00	37,719.00	-	(17,542.31)	9,332.00
EA01	Eichler Associates	211152 220386	DWCOVID	District-Wide COVID-19 Readiness services	35,000.00	(60.00)	34,940.00	34,940.00	-	(60.00)	4,000.00
HSS1	Harris Striping Services	221065	CPSR	Park Stalls Re-Striping Services	18,595.00	(18,595.00)	-	-	-	(18,595.00)	-
LR2	Larry Raffo	220167	PROG	Consulting Services	5,000.00	2,298.62	7,298.62	7,298.62	-	(201.38)	514.87
NEP1	New Era Piping, Inc.	221067	WWR	West ES Water Main Replacement	23,370.00		23,370.00	23,370.00	-	-	23,370.00
NSW03	Norman S. Wright	220930	FAN	Purchase of 44 BAF Ceiling Fans	96,201.88		96,201.88	96,201.88	-	-	96,201.88
NSW04	Norman S. Wright	221359	FAN	Purchase of 2 Additional BAF Ceiling Fans	5,370.63	21.56	5,392.19	5,392.19	-	5,392.19	5,392.19
SEM4	Star Energy Management	220923	FAN	Installation of 44 Ceiling Fans at North, South, Crocker and West schools	32,850.00		32,850.00	32,850.00	-	-	32,850.00
UAI1	Umili America, Inc.	221492	CPSR	Pavement Stripping Services	33,137.56		33,137.56	33,137.56	-	33,137.56	33,137.56

Total Open Commitments:	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Closed Commitments:	\$	2,117,218.30	\$	(73,723.90)	\$	2,043,494.40	\$	2,043,494.40	\$	-	\$	2,131.06	\$	317,824.50
Totals:	\$	2,117,218.30		(73,723.90)	\$	2,043,494.40	\$	2,043,494.40	\$	-	\$	2,131.06	\$	317,824.50



Hillsborough City School District - Measure B (2002)  
Project Expenditure Summary  
By Project, by Fund, by Fiscal Year  
Expenditures Thru: 09/15/22

		Fiscal Year 2017-18			Fiscal Year 2018-19		
Proj ID	Project	Bond Funds (F21)	General Fund (01)	TOTAL	Bond Funds (F21)	General Fund (01)	TOTAL
CPSR	Crocker MS Parking Stalls Re-Striping	-	-	-	-	-	-
CSDR	Crocker MS Storm Drain Repair	-	-	-	-	-	-
DWT	District-Wide Technology	-	-	-	-	-	-
DPC	District Pilot Cooling Project	-	-	-	-	-	-
DPC2	District Pilot Cooling Project - Phase 2	-	-	-	-	-	-
DWCOVID	District-Wide COVID-19 Readiness	-	-	-	-	-	-
FAN	Fan Project	-	-	-	-	-	-
NAR	North ES Asphalt Repairs	-	-	-	-	-	-
WR	West Roofing Project	-	3,333	3,333	167,871	-	167,871
WWR	West Water Main Replacment	-	-	-	-	-	-
WC	Windows Covering Safety Project	-	-	-	-	133,944	133,944
PROG	Program Expenses	-	-	-	4,500	-	4,500
Totals:		-	3,333	3,333	172,371	133,944	306,315

		Fiscal Year 2019-20			Fiscal Year 2020-21		
Proj ID	Project	Bond Funds (F21)	General Fund (01)	TOTAL	Bond Funds (F21)	General Fund (01)	TOTAL
CPSR	Crocker MS Parking Stalls Re-Striping	-	-	-	-	-	-
CSDR	Crocker MS Storm Drain Repair	-	-	-	-	-	-
DWT	District-Wide Technology	963,861	-	963,861	79,686	-	79,686
DPC	District Pilot Cooling Project	75,027	-	75,027	-	-	-
DPC2	District Pilot Cooling Project - Phase 2	-	-	-	2,204	-	2,204
DWCOVID	District-Wide COVID-19 Readiness	-	-	-	30,660	-	30,660
FAN	Fan Project	-	-	-	-	-	-
NAR	North ES Asphalt Repairs	-	-	-	-	-	-
WR	West Roofing Project	3,530	(3,333)	197	-	-	-
WWR	West Water Main Replacment	-	-	-	-	-	-
WC	Windows Covering Safety Project	145,630	(133,944)	11,686	-	-	-
PROG	Program Expenses	22,770	-	22,770	19,597	-	19,597
Totals:		1,210,818	(137,277)	1,073,542	132,147	-	132,147

		Fiscal Year 2021-22			Fiscal Year 2022-23		
Proj ID	Project	Measure D Bond Funds (F21)	General Fund (01)	TOTAL	Measure D Bond Funds (F21)	General Fund (01)	TOTAL
CPSR	Crocker MS Parking Stalls Re-Striping	33,138	-	33,138	-	-	-
CSDR	Crocker MS Storm Drain Repair	36,182	-	36,182	-	-	-
DWT	District-Wide Technology	(26,775)	-	(26,775)	-	-	-
DPC	District Pilot Cooling Project	14,800	-	14,800	-	-	-
DPC2	District Pilot Cooling Project - Phase 2	89,271	-	89,271	-	-	-
DWCOVID	District-Wide COVID-19 Readiness	118,962	-	118,962	-	-	-
FAN	Fan Project	134,444	-	134,444	-	-	-
NAR	North ES Asphalt Repairs	72,344	-	72,344	-	-	-
WR	West Roofing Project	-	-	-	-	-	-
WWR	West Water Main Replacment	23,370	-	23,370	-	-	-
WC	Windows Covering Safety Project	-	-	-	-	-	-
PROG	Program Expenses	32,423	-	32,423	-	-	-
Totals:		528,159	-	528,159	-	-	-

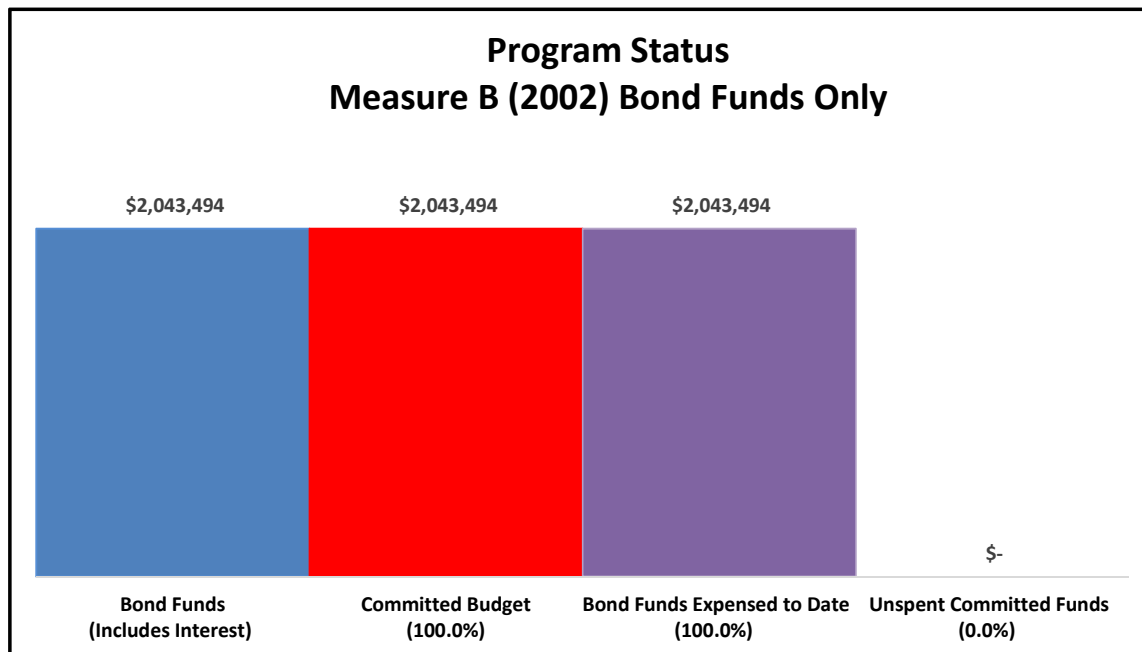
		Total All Years		
Proj ID	Project	Bond Funds (F21)	General Fund (01)	TOTAL
CPSR	Crocker MS Parking Stalls Re-Striping	33,138	-	33,138
CSDR	Crocker MS Storm Drain Repair	36,182	-	36,182
DWT	District-Wide Technology	1,016,772	-	1,016,772
DPC	District Pilot Cooling Project	89,827	-	89,827
DPC2	District Pilot Cooling Project - Phase 2	91,475	-	91,475
DWCOVID	District-Wide COVID-19 Readiness	149,622	-	149,622
FAN	Fan Project	134,444	-	134,444
NAR	North ES Asphalt Repairs	72,344	-	72,344
WR	West Roofing Project	171,401	-	171,401
WWR	West Water Main Replacment	23,370	-	23,370
WC	Windows Covering Safety Project	145,630	-	145,630
PROG	Program Expenses	79,290	-	79,290
Totals:		2,043,494	-	2,043,494

		Project Budget Summary		
Proj ID	Project	Current Budget	Total Expended	Unspent Budget
CPSR	Crocker MS Parking Stalls Re-Striping	33,138	33,138	-
CSDR	Crocker MS Storm Drain Repair	36,182	36,182	-
DWT	District-Wide Technology	1,016,772	1,016,772	-
DPC	District Pilot Cooling Project	89,827	89,827	-
DPC2	District Pilot Cooling Project - Phase 2	91,475	91,475	-
DWCOVID	District-Wide COVID-19 Readiness	149,622	149,622	-
FAN	Fan Project	134,444	134,444	-
NAR	North ES Asphalt Repairs	72,344	72,344	-
WR	West Roofing Project	171,401	171,401	-
WWR	West Water Main Replacment	23,370	23,370	-
WC	Windows Covering Safety Project	145,630	145,630	-
PROG	Program Expenses	79,290	79,290	-
Totals:		2,043,494	2,043,494	-

## Hillsborough City School District - Measure B (2002)

### Cash / Fund Balance Summary

		As of 09/15/22	As of 6-30-2021
<b>Bond Revenue</b>			
Bonds Issued to Date		\$ 2,118,566.25	\$ 2,118,566.25
Interest Earned	2017-18	-	-
Interest Earned	2018-19	19,765.93	19,765.93
Interest Earned	2019-20	23,233.88	23,233.88
Interest Earned	2020-21	7,141.45	7,141.45
Interest Earned	2021-22	3,399.12	
Cost of Issuance		(128,612.23)	(128,612.23)
<b>Net Bond Proceeds Received To Date</b>		<b>\$ 2,043,494.40</b>	<b>\$ 2,040,095.28</b>
<b>Expenditures</b>			
Spent In Fiscal Year	2017-18	-	-
Spent In Fiscal Year	2018-19	(172,370.75)	(172,371)
Spent In Fiscal Year	2019-20	(1,210,818.12)	(1,210,818.12)
Spent In Fiscal Year	2020-21	(132,146.92)	(132,147)
Spent In Fiscal Year	2021-22	(528,158.61)	
<b>Total Spent To Date:</b>		<b>(2,043,494.40)</b>	<b>(1,515,335.79)</b>
<b>Calculated Current Cash Balance:</b>		-	<b>524,759.49</b>
Unspent Committed Funds:		\$ -	
<b>Uncommitted Fund Balance</b>		<b>-</b>	



**HILLSBOROUGH CITY SCHOOL DISTRICT**

**2002 MEASURE B FUND**

**BOND AUDIT REPORT**

**For the Year Ended June 30, 2022**

\* \* \*



**Chavan & Associates, LLP**

Certified Public Accountants  
15105 Concord Circle, Ste 130  
Morgan Hill, CA 95037

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**For the Fiscal Year Ended June 30, 2022**

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Measure B Citizens' Oversight Committee and  
Governing Board Members  
Hillsborough City School District

### Opinions

We have audited the accompanying financial statements of the Measure B Bond Building Fund of the Hillsborough City School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Bond Building Fund of the Hillsborough City School District, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Other Matters

As discussed in Note 1, the financial statements present only the Measure B Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Hillsborough City School District, as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Responsibilities of Management for the Financial Statements

District management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to



continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure B Bond Building Fund of Hillsborough City School District's basic financial statements. The Measure B Bond Building Fund Schedule of Cumulative Expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Measure B Bond Building Fund Schedule of Cumulative Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,



including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Measure B Bond Building Fund Schedule of Cumulative Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated November 20, 2022, on our consideration of the Hillsborough City School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Hillsborough City School District'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 November 20, 2022, on our consideration of the Measure B Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure B Bond Building Fund for the fiscal year ended June 30, 2022, and should be considered in assessing the results of our financial audit.

C & A LLP

November 20, 2022  
Morgan Hill, California



**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Balance Sheet**  
**For the Fiscal Year Ended June 30, 2022**

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**Assets**

Cash and investments	\$ 19,451
Accounts receivable	<u>498</u>
 Total Assets	 <u><u>\$ 19,949</u></u>

**Liabilities and Fund Balance**

Liabilities:

Accounts payable	\$ 4,892
Due to other funds	<u>15,057</u>

Total Liabilities	<u>19,949</u>
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Fund balance:

Restricted for capital projects	<u>-</u>
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Total Fund Balance	<u>-</u>
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Total Liabilities and Fund Balance	<u><u>\$ 19,949</u></u>
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**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2022**

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Revenues:	
Interest earnings	<u>\$          33,742</u>
Total revenues	<u>                  33,742</u>
Expenditures:	
Supplies and materials	168,899
Contract services	386,035
Capital outlay	<u>          3,568</u>
Total expenditures	<u>          558,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>          (524,760)</u>
Net Changes in Fund Balance	(524,760)
Fund Balance Beginning	<u>          524,760</u>
Fund Balance Ending	<u><u>          \$          -</u></u>

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

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

The financial statements presented are for the 2002 Measure B Fund and are not intended to be a complete presentation of the District's financial position on operations.

C. Basis of Presentation

**Fund Financial Statements**

Fund financial statements report detailed information about the District. The 2002 Measure B Fund is reported in the District's Building Fund which is a governmental fund and is presented as a major fund in the District's combined financial statements. The Building Fund is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds such as Measure B general obligation bonds.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance for the 2002 Measure B Fund presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues - Exchange and Non-exchange Transactions**

On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue**

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

**Unavailable Revenue**

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred inflows of resources as unavailable revenue.

**Expenditures**

On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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E. Budget and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object.

F. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

G. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other Districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Cash & Cash Equivalents

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

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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3. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

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

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

4. Long-Term Liabilities

In the 2002 Measure B Fund financial statements, bond premiums, discounts and bond issuance costs are recognized during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses. Long-term liabilities are not reported in the balance sheet.

5. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent.
- Unassigned includes positive fund balance that has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**6. Accounting Estimates**

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – CASH AND INVESTMENTS**

**Summary of Deposits**

A summary of deposits as of June 30, 2022, is as follows:

	Carrying Amount	Fair Value
Cash in county treasury investment pool	\$ 19,451	\$ 18,844

**Fair Value Measurements**

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

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

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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Investments in the San Mateo 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.

Cash in County Treasury

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

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Risk Disclosures

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

- *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the San Mateo County Investment Pool. The pool has a fair value of approximately \$1.91 billion and an amortized book value of \$1.98 billion.

- *Credit Risk*

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the County of San Mateo Investment Pool is rated at least A-1 by Standard and Poor's Investor Service.



**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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- *Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

- *Concentration of Credit Risk*

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

### **NOTE 3 – MEASURE B GENERAL OBLIGATION BOND**

The following schedule summarizes the District's Measure B general obligation bonds as of June 30, 2022:

Description	Maturity Date Sept 1,	Interest Rate %	Original Issue	Bonds Outstanding July 01, 2021	Adjustments Accretion/ Issued	Adjustments & Redeemed	Bonds Outstanding June 30, 2022
2002 GOB Series D	2035	2.62	2,118,566	2,000,000	-	135,000	1,865,000

The District received authorization at an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$66,800,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2002 Authorization).

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, to modernize, replace, renovate, construct, equip, furnish and otherwise improve facilities of the District located at all three elementary school sites, at the middle school site and at the District administrative offices.

The first series of bonds in the amount of \$13,500,000 were sold on June 11, 2003. The second series of bonds in the amount of \$28,501,422 were sold August 10, 2006. On August 22, 2008, the District borrowed \$20,749,696 in bond anticipation notes and received a net amount of \$20,558,960 after payment of \$190,736 in issuance costs. The notes mature five years after issuance. The third series of bonds in the

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

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amount of \$22,680,012 were sold January 13, 2011 to defease the bond anticipation notes mentioned above. In May 2012, the first series of bonds in the amount of \$9,130,000 were defeased by 2012 Refunding Bonds in the amount of \$8,850,000.

In November 2016, the second series of bonds in the amount of \$28,501,422 were defeased by 2016A Refunding Bonds in the amount of \$9,390,000, and the third series were defeased by 2016B Refunding Bonds in the amount of \$41,408,647. Payments on bonds were made from the Bond Interest and Redemption Fund and Debt Service Fund using local revenues.

In March of 2019, the District issued the remaining authorized bonds of \$2,118,566 in General Obligation Bonds, Series D.

The Bonds are payable solely from ad valorem property taxes levied and collected by the County of San Mateo. The Board of Supervisors of the County has power and is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, upon all property subject to taxation by the District without limitation or rate or amount (except certain personal property which is taxable at limited rates).

The following is a summary of the annual debt service requirements as of June 30, 2022:

Year Ending June 30	Principal	Interest	Total
2023	\$ 150,000	\$ 46,898	\$ 196,898
2024	170,000	42,706	212,706
2025	185,000	38,056	223,056
2026	205,000	32,947	237,947
2027	230,000	27,248	257,248
2028-2032	505,000	79,190	584,190
2033-2037	420,000	18,471	438,471
Total Debt Service	<u>\$ 1,865,000</u>	<u>\$ 285,516</u>	<u>\$ 2,150,516</u>

**NOTE 4 – COMMITMENTS**

As of June 30, 2022, the District had no encumbered 2002 Measure B Fund proceeds to be spent on capital projects.

## **SUPPLEMENTARY INFORMATION**

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Schedule of Expenditures by Site**  
**For the Fiscal Year Ended June 30, 2022**

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**Expenditures by Site:**

North Hillsborough School	\$ 72,344
West Hillsborough School	23,370
William H. Crocker Middle School	84,120
District Wide	<u>378,668</u>
 Total Expenditures	 <u><u>\$ 558,502</u></u>

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

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to 2002 Measure B Fund Program Schedule**  
**For the Fiscal Year Ended June 30, 2022**

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**NOTE 1 - THE PROGRAM**

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

On November 5, 2002, 65.6% of local voters approved the Hillsborough City School District's ("the District") Measure B. Measure B authorized the District to issue bonds in an amount not to exceed \$66,800,000 principal amount of general obligation bonds to modernize, replace, renovate, construct, equip, furnish and otherwise improve facilities of the District located at all three elementary school sites, at the middle school site and at the District administrative offices.

As of June 30, 2022, the District had issued \$53,300,000 of the authorized bonds for Measure B with \$0 remaining to be spent.

**NOTE 2 - ORGANIZATION**

The Hillsborough City School District was originally established August 14, 1911. The District is located in San Mateo County and there were no changes in District boundaries during the year. The District maintains three elementary schools and one middle school.

The Board of Education for the fiscal year ended June 30, 2022, was comprised of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
An Chen	President	2022
Kim Oliff	Vice President	2024
Greg Dannis	Clerk	2024
Gilbert Wai	Member	2022
Don Geddis	Member	2022

**NOTE 3 - CITIZENS' OVERSIGHT COMMITTEE**

Duties of the committee include verifying that bond revenues were expended only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. The committee must also verify that no funds were used for any teacher or administrative salaries or other school operation expenses.

Furthermore, the committee is authorized to receive, and review copies of the annual independent performance audit and the annual independent financial audit required by Article XIII A, Section 1(b)(3)(C) and Article XIII A, Section 1(b)(3)(D), respectively, of the California Constitution.

During the fiscal year ended June 30, 2022, the District was unable to fill all the committee positions.

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Notes to 2002 Measure B Fund Program Schedule**  
**For the Fiscal Year Ended June 30, 2022**

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The Citizens' Oversight Committee was formed by the Board trustees as required by State law. The Citizens' Oversight Committee is comprised of the following members:

<u>Name</u>	<u>Title/Function</u>
Robert Izmirian	At-Large Community Member
Mairin Macaluso	Parent/Guardian, Active in PG Org, and At-Large Community Member
Kristen Patel	Parent/Guardian, Active in PG Org, and At-Large Community Member
Alan Rittenberg	Parent/Guardian
Vacancy	Senior Citizen Organization Member
Vacancy	Bona Fide Taxpayer's Organization Member
Vacancy	Business Organization Member

**SCHEDULE OF FINDINGS  
AND  
RECOMMENDATIONS**

**HILLSBOROUGH CITY SCHOOL DISTRICT**  
**2002 Measure B Fund**  
**Schedule of Findings and Recommendations**  
**For the Fiscal Year Ended June 30, 2022**

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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.



**OTHER INDEPENDENT AUDITOR'S  
REPORTS**



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

Measure B Citizens' Oversight Committee and  
Governing Board Members  
Hillsborough City School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 2002 Measure B Fund of the Hillsborough City School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hillsborough City School District's 2002 Measure B Fund financial statements, and have issued our report thereon dated November 20, 2022.

***Internal Control over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hillsborough City School District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Hillsborough City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hillsborough City School District'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 Hillsborough City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

November 20, 2022  
Morgan Hill, California



## INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Measure B Citizens' Oversight Committee and  
Governing Board Members  
Hillsborough City School District

### *Performance Audit*

We were engaged to conduct a performance audit of the Hillsborough City School District (District) Measure B Fund (Fund) for the year ended June 30, 2022.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended 2016 Measure B Funds only for the specific projects approved by the voters in accordance with Proposition 39, and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District and is not intended to be, and should not be used by, anyone other than the specified party.

### *Auditor Objectives*

Our audit included the following objectives:

1. Determine whether expenditures charged to the Fund have been made in accordance with the bond project list approved by the voters through the approval of the Measure B, and verify



that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

2. Determine whether salary transactions charged to the Fund were in support of Measure B and not for District general administration or operations, and verify that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

### ***Scope***

The scope of our performance audit covered the period of July 1, 2021 to June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2022 were not reviewed or included within the scope of our audit or in this report.

### ***Methodology***

To meet the objectives of our performance audit, procedures we performed included, the following methodology:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
  - a. We considered all expenditures recorded in all object codes, including transfers out.
  - b. We considered all expenditures recorded in all projects that were funded from July 1, 2021 through June 30, 2022 from Measure B bond proceeds.
  - c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately 5% of the total expenditures incurred.
  - d. For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2021 and ending June 30, 2022.
3. We examined 67% of all expenditures within the bond program to ensure they were valid, allowable, accurate, charged to the facilities projects, and expended on specific projects listed in the text of the applicable ballot measure. by vouching the actual invoices and other supporting documentation to determine that:
  - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
  - b. Expenditures were supported by proper bid documentation, as applicable.



- c. Expenditures were expended in accordance with voter-approved bond project list.
  - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District
4. We verified that salary transactions charged to the Fund were in support of Measure B and not for District general administration or operations, and verify that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General by vouching to supporting records such as offer letter, position control reports, timecards and payroll reports.
5. We verified that the District was in compliance with Assembly Bill 1908 and Ed Code Section 15278, where the District is required to establish a bond oversight committee for Proposition 39 bonds that includes one active member from each of the following sectors: a business organization, senior citizens' organization, bona fide taxpayer's 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.
6. We verified the Citizens' Oversight Committee met pursuant to Education Code Section 15280.

### ***Conclusion***

We did not identify any exceptions to the procedures performed above, in all significant respects. Based on the procedures performed, the District has properly accounted for the expenditures held in the Measure B Fund and that such expenditures were made for authorized bond projects. Our audit was made for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of nonperformance.

*C & A LLP*

November 20, 2022  
Morgan Hill, California