

**MOUNTAIN VIEW-LOS ALTOS UNION  
HIGH SCHOOL DISTRICT**

**MEASURE E GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT**

June 30, 2023

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT

MEASURE E GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT  
June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Mountain View-Los Altos Union High School District  
Mountain View, California

We have conducted a performance audit of the Mountain View-Los Altos Union High School District Measure E General Obligation Bond funds for the year ended June 30, 2023.

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 objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure E 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 Mountain View-Los Altos Union High 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 Mountain View-Los Altos Union High School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on 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, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Mountain View-Los Altos Union High School District expended Measure E General Obligation Bond funds for the year ended June 30, 2023 only for the specific projects developed by the District's Board of Trustees 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 LLP*

Crowe LLP

Sacramento, California  
December 13, 2023

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2023

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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.

## MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT SCHOOL MEASURE E GENERAL OBLIGATION BONDS

The Mountain View-Los Altos Union High School District, Mountain View, California Election of 2018 General Obligation Bonds, Measure E were authorized at an election of the registered voters of the Mountain View-Los Altos Union High School District held on June 2018 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$295,000,000 principal amount of general obligation bonds of the District. The Series A and Series C Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, and to pay the costs of issuing the Bonds. The Series B Bonds are being issued to fund a technology endowment. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

*"To improve neighborhood high schools by expanding classrooms, science labs, libraries / student support facilities to accommodate growing enrollment; modernizing science, technology, engineering, arts/math classrooms for 21st-century learning; and repairing, upgrading/constructing classrooms/school facilities; shall Mountain View-Los Altos Union High School District issue \$295,000,000 of bonds at legal rates with citizen oversight / audits, averaging \$18 million raised annually for bonds until approximately 2039, from rates estimated at \$0.03 per \$100 assessed valuation, with all funds exclusively for local schools?"*

In September 2018, the District issued General Obligation Bonds, 2018 Series A, totaling \$100,000,000 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 3.3% to 5.00% and mature through August 1, 2036.

In July 2020, the District issued General Obligation Bonds, 2018 Series B, totaling \$100,000,000 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 0.25% to 4.00% and mature through August 1, 2034.

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(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2023

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**MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT SCHOOL MEASURE E GENERAL OBLIGATION BONDS** (Continued)

In June 2022, the District issued General Obligation Bonds, 2018 Series C, totaling \$68,000,000 to provide funds for the acquisition and construction of school facilities. These general obligation bonds have interest rates ranging from 0.25% to 4.00% and mature through August 1, 2037.

The financial activity related to the Measure E General Obligation Bonds is recorded in the District's Financial Activity Report for Fund 21.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT  
MEASURE E GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS  
June 30, 2023

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## **OBJECTIVES**

The objective of our performance audit was to determine that the District expended Measure E General Obligation Bond funds for the year ended June 30, 2023 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 E General Obligation Bond project expenditures for the year ended June 30, 2023 (the "List"). An approximate total of 192 transactions were identified, representing \$45,788,761 in expenditures from July 1, 2022 through June 30, 2023.

## **METHODOLOGY**

We performed the following procedures to the List of Measure E General Obligation Bond project expenditures for the year ended June 30, 2023:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited Measure E General Obligation Bond financial statements for the year ended June 30, 2023.
- Selected a sample of 20 expenditures totaling \$13,876,507 from Measure E expenditures. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 30% of the total expenditure value. Verified that the sampled expenditures were used for the construction, 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 and that funds were not spent for salaries or other administrative expenses.

## **CONCLUSION**

The results of our procedures indicated that, in all significant respects, Mountain View-Los Altos Union High School District expended Measure E General Obligation Bond funds for the year ended June 30, 2023 only for the specific projects developed by the District's Board of Trustees 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.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT  
 MEASURE E GENERAL OBLIGATION BONDS  
 LISTING OF TESTED EXPENDITURES AND TRANSFERS  
 June 30, 2023

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**Expenditures**

	<b><u>Vendor</u></b>	<b><u>Date</u></b>	<b><u>Amount</u></b>
1	Beals Martin Inc	08/08/22	\$ 943,219.85
2	Beals Martin Inc	09/08/22	582,034.60
3	Beals Martin Inc	10/17/22	732,834.75
4	Beals Martin Inc	01/20/23	1,022,916.30
5	Beals Martin Inc	02/10/23	645,455.65
6	Beals Martin Inc	03/10/23	801,382.00
7	Beals Martin Inc	04/14/23	664,297.00
8	Beals Martin Inc	05/26/23	971,287.60
9	Beals Martin Inc	06/20/23	558,937.25
10	Smith Mechanical	09/30/22	241,300.00
11	Sausal Corporation	08/04/22	449,519.86
12	Sausal Corporation	10/21/22	847,432.78
13	Sausal Corporation	11/10/22	610,043.46
14	Sausal Corporation	03/17/23	501,378.70
15	Sausal Corporation	04/14/23	1,195,285.39
16	Sausal Corporation	05/26/23	787,764.70
17	Sausal Corporation	06/20/23	330,693.79
18	Beals Martin Inc	11/10/22	535,127.40
19	General Lighting Ser Inc	08/11/23	1,036,634.06
20	Beals Martin Inc	01/20/23	418,962.35
		Total	<u><u>\$ 13,876,507.00</u></u>