

**TAHOE TRUCKEE UNIFIED
SCHOOL DISTRICT**

**MEASURE E GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2016

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
Truckee, California

MEASURE E GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
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INDEPENDENT AUDITOR'S REPORT

Measure E Oversight Committee and Board of Trustees
Tahoe Truckee Unified School District
Truckee, California

We have conducted a performance audit of the Tahoe Truckee Unified School District (the "District") Measure E General Obligation Bond funds for the year ended June 30, 2016.

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 Tahoe Truckee Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Tahoe Truckee Unified 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, Tahoe Truckee Unified School District expended Measure E General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Measure E Oversight Committee and 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 Horwath LLP

Crowe Horwath LLP

Sacramento, California
November 9, 2016

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, MEASURE E

On November 4, 2014, the electorate of Tahoe Truckee Unified School District approved the \$62 million Measure E General Obligation Bonds, with greater than 55% of the votes in favor. The text of the ballot language was as follows:

"To improve Tahoe area schools with local funding that the State cannot take away, repair/replace roofs, plumbing and electrical systems, provide classrooms, science labs and technology meeting modern academics safety standards and providing a well-rounded education, construct, equip, repair acquire school facilities/equipment to prepare students for college/high-demand jobs, shall Schools Facilities Improvement District No. 2 of the Tahoe-Truckee Unified School District issue \$62,000,000 in bonds at legal rates with independent audits, citizen oversight, and no funds for administrators' salaries?"

The District's Board of Trustees developed Bond Projects listed below to be undertaken at the following schools for Measure E:

- King Beach Elementary School
- North Tahoe High School
- North Tahoe School
- Tahoe Lake Elementary School
- Rideout School Site including Coldstream Alternative School

Renovation, Repair and Upgrade Projects

- Repair or replace aging roofs.
- Upgrade inefficient electrical heating and air conditioning.
- Provide additional electrical service capacity to relieve overloaded electrical systems so that it can handle modern instructional technology.
- Replace older windows, ceilings, heating ventilation, air condition and lighting systems with building code compliant, energy efficient systems.
- Upgrade classrooms, science labs, libraries, and other leaning technology so that our students are prepared for college and 21st Century careers.
- Renovate existing classrooms to accommodate current curriculum emphasis on science, technology, engineering and math.
- Repair plumbing and bathrooms.
- Acquire modern equipment for career technical education.
- Replace rotted sewer lines.

Health, Safety and Energy Efficiency Projects

- Update and construct classrooms, science labs and facilities that meet modern academic and safety standards.
- Replace or update outdated classrooms, restrooms, lighting, plumbing, irrigation, heating and ventilation systems.
- Upgrade fire safety systems, smoke detectors and sprinklers, improve fire safety equipment and fire exit doors to make students safer in the event of an emergency.
- Upgrade emergency communication systems to improve student safety.
- Keep schools safe and clean.
- Protect student and teacher safety.

(Continued)

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT MEASURE E GENERAL OBLIGATION BONDS
(Continued)

- Provide additional electrical service capacity to relieve overloaded electrical systems so that it can handle modern instructional technology.
- Replace older windows, ceilings, heating ventilation, air condition and lighting systems with building code compliant, energy efficient systems.
- Upgrade classrooms, science labs, libraries, and other leaning technology so that our students are prepared for college and 21st Century careers.
- Renovate existing classrooms to accommodate current curriculum emphasis on science, technology, engineering and math.
- Repair plumbing and bathrooms.
- Acquire modern equipment for career technical education.
- Replace rotted sewer lines.

Health, Safety and Energy Efficiency Projects

- Update and construct classrooms, science labs and facilities that meet modern academic and safety standards.
- Replace or update outdated classrooms, restrooms, lighting, plumbing, irrigation, heating and ventilation systems.
- Upgrade fire safety systems, smoke detectors and sprinklers, improve fire safety equipment and fire exit doors to make students safer in the event of an emergency.
- Upgrade emergency communication systems to improve student safety.
- Keep schools safe and clean.
- Protect student and teacher safety.

Instructional Technology Upgrade Projects to Provide 21st Century Technology Skills

- Provide and maintain up-to-date technology infrastructure and new educational technologies to improve student learning.
- Upgrade and expand wireless systems, telecommunications, Internet and network connections.
- Upgrade electrical systems and wiring and acquire computer technology.
- Upgrade classrooms for instructional technology to improve student learning in core subjects like science, technology, engineering and math.

On March 31, 2015 the District issued 2014 General Obligation Bonds, Series A, totaling \$19,500,000. The bonds bear interest at rates ranging from 1.5% to 4.00% and are scheduled to mature through August 2046.

The financial activity related to the Measure E General Obligation Bonds is recorded within the District's Financial Activity Report for Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2016.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
MEASURE E GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

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, 2016 only for the purposes approved by the voters and only on the specific projects developed by the District's Measure E Oversight Committee and 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, 2016 (the "List"). A total of \$3,432,976 in expenditures from July 1, 2015 through June 30, 2016 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure E General Obligation Bond project expenditures for the year ended June 30, 2016:

- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2016, presented as the Building Fund.
- Selected a sample of 38 expenditures totaling \$1,489,235. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 43% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects. Verified 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.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Tahoe Truckee Unified School District expended Measure E General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Measure E Oversight Committee and 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.

TAHOE TRUCKEE UNIFIED SCHOOL DISTRICT
 SCHEDULE OF SELECTED MEASURE E BOND EXPENDITURES
 For the Fiscal Year Ended June 30, 2016

<u>Date</u>	<u>Description</u>	<u>Amount</u>
8/7/2015	Hazardous Materials Survey	\$ 3,355
8/7/2015	Install New AC Units Sierra High	954
8/14/2015	Boiler Replacement TL Measure E	42,600
8/26/2015	CPM proj. Mgr Services	6,902
9/4/2015	Flooring SHS Mod Measure E	15,307
9/30/2015	Project Manager and Project analysis Payroll Measure E	8,056
10/2/2015	Tree removal TLE -Measure E	4,989
10/2/2015	Pilot Classroom	20,954
10/9/2015	Install Black 4"Rubber Base SHS	1,446
10/14/2015	Architectural Services for Maintenance	16,433
10/21/2015	New Boiler-Kings Beach Element	69,745
10/21/2015	Soils/hydrologic & Geotech	24,000
10/21/2015	Project Manager Payroll Measure E	4,142
10/30/2015	Secretary & Admin Assistant Payroll Measure E	3,193
1/29/2016	Custodian Supervisor Payroll Measure E	1,816
1/29/2016	Secretary & Admin Assistant Payroll Measure E	2,830
2/10/2016	Project Manager Payroll Measure E	421
3/23/2016	CEQA & Historical Services	7,970
3/25/2016	Architectural Services for Maintenance	11,391
3/30/2016	SHS Site Improvement Measure - Architect/Engineering Fees	24,400
4/1/2016	Commissioning Agent	2,576
4/6/2016	Design Standards for Measure	4,000
4/8/2016	Secretary & Admin Assistant Payroll Measure E	876
4/29/2016	Project Manager and Project analysis Payroll Measure E	12,102
5/6/2016	IP Speaker Cabling & Installation	54,383
5/11/2016	Pole Install TLE	13,370
5/31/2016	Custodian Supervisor Payroll Measure E	1,902
5/31/2016	Project Manager and Project analysis Payroll Measure E	8,532
6/15/2016	Topo Site Plan KB Measure	1,141
6/30/2016	CQA & Historical kbe Measure	17,170
6/30/2016	Parking Lot Replacement TLE	909,364
6/30/2016	Parking Lot reconfiguration	135,009
6/30/2016	Lightspeed Tech Topcat	2,390
6/30/2016	Hazards Report	19,080
6/30/2016	Inspection Services Ph1	6,093
6/30/2016	Secretary & Admin Assistant Payroll Measure E	736
6/30/2016	Project Manager and Project analysis Payroll Measure E	19,137
6/30/2016	Project Manager Payroll Measure E	<u>10,473</u>
		<u>\$ 1,489,235</u>