

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**MEASURE Q GENERAL OBLIGATION BONDS**  
**PERFORMANCE AUDIT**  
June 30, 2020

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT  
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CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
BACKGROUND INFORMATION:	
LEGISLATIVE HISTORY .....	2
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE Q GENERAL OBLIGATION BONDS .....	2
PERFORMANCE AUDIT:	
OBJECTIVES .....	6
SCOPE .....	6
METHODOLOGY .....	6
CONCLUSION.....	6
ATTACHMENT A – SCHEDULE OF SPECIFIC EXPENDITURES TESTED .....	7

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have conducted a performance audit of the Sacramento City Unified School District (the "District") Measure Q General Obligation Bond funds for the year ended June 30, 2020.

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

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Sacramento City Unified School District to determine 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, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

  
Crowe LLP

Sacramento, California  
May 10, 2021

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2020

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## LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

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

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

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

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

## BOND PROJECT LIST

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

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

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

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2020

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**BOND PROJECT LIST (Continued)**

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

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

**Technology Upgrades throughout District**

Bond funds will be used to provide technological upgrades including:

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

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

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2020

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**BOND PROJECT LIST (Continued)**

**District-Wide Fire and Irrigation Improvements**

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

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

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

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

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

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

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

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

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2020

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**BOND PROJECT LIST (Continued)**

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

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

Bond Issuances: On June 27, 2013, the District issued 2013 General Obligation Bonds, Series A and 2013 General Obligation Bonds, Series B, totaling \$30,000,000 and \$40,000,000, respectively. The Bond proceeds are intended for the purposes of the two bond measures passed by voters on November 6, 2012, Measure Q and Measure R.

On May 14, 2015, the District issued 2015 General Obligation Bonds, Series C-1 and 2015 General Obligation Bonds, Series C-2, totaling \$66,260,000 and \$23,740,000, respectively. The Bond proceeds are intended for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q.

On May 24, 2016, the District issued 2016 General Obligation Bonds Series D, totaling \$14,000,000. The Bond proceeds are intended for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q.

On May 25, 2017, the District issued 2017 General Obligation Bonds Series E, totaling \$112,000,000. The Bond proceeds are intended for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q.

On July 1, 2018, the District issued 2018 General Obligation Bonds Series F, totaling \$10,000,000. The Bond proceeds are intended for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
MEASURE Q GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS  
June 30, 2020

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**OBJECTIVES**

The objective of our performance audit was to determine that the District expended Measure Q General Obligation Bond funds for the year ended June 30, 2020 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

**SCOPE**

The District provided to us a list of all Measure Q General Obligation Bond projects and specific expenditures for the year ended June 30, 2020 (the "List"). A total of \$44,787,799 in expenditures to Measure Q from July 1, 2019 through June 30, 2020 were identified.

**METHODOLOGY**

We performed the following procedures to the List of Measure Q General Obligation Bond project expenditures for the year ended June 30, 2020:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District to the District's audited Measure Q General Obligation Bonds financial statements for the year ended June 30, 2020.
- Selected a sample of non-payroll expenditures totaling \$22,148,459 and payroll related expenditures totaling \$298,969. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 50% 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. We also 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, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2020 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 MEASURE Q GENERAL OBLIGATION BONDS  
 SCHEDULE OF SPECIFIC EXPENDITURES TESTED  
 June 30, 2020

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<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
1. Roebbelen Contracting	03/19/20	\$ 1,088,278
2. Roebbelen Contracting	05/06/20	918,658
3. Roebbelen Contracting	06/03/20	1,488,492
4. Roebbelen Contracting	06/30/20	1,389,709
5. Roebbelen Contracting	06/30/20	1,420,823
6. Roebbelen Contracting	09/26/19	2,022,100
7. Roebbelen Contracting	11/21/19	986,233
8. Roebbelen Contracting	01/09/20	1,567,542
9. Roebbelen Contracting	01/09/20	2,137,715
10. Roebbelen Contracting	01/09/20	1,981,743
11. Landmark Modernization	02/27/20	1,144,806
12. AM Stephens Construction	08/01/19	1,092,697
13. CDW Government	06/03/20	633,440
14. DLR Group	03/19/20	233,089
15. AM Stephens Construction	06/30/20	435,719
16. AM Stephens Construction	08/29/19	933,551
17. Acco Engineered	08/15/19	1,162,890
18. Premier Management	09/26/19	41,250
19. Department of Gen	08/08/19	84,750
20. Matthew C Fabian	03/19/20	4,770
21. WLC Architects Inc	01/09/20	80,880
22. Williams + Paddon	01/09/20	68,889
23. CDW Government	06/24/20	461,085
24. DLR Group	01/30/20	268,250
25. Staples Business	04/15/20	120,672
26. School Specialty	04/22/20	79,693
27. Clear Blue Energy	03/19/20	169,632
28. School Specialty	04/22/20	57,450
29. Clear Blue Energy	03/19/20	73,653
		<u>\$ 22,148,459</u>

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