

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Board of Trustees and  
Independent Citizens' Bond Oversight  
Committee for Measure M  
San Mateo Union High School District  
San Mateo, California

We have performed the procedures enumerated in Attachment II, which were agreed to by San Mateo Union High School District (the "District"), solely to assist the Independent Citizens' Bond Oversight Committee for Measure M in evaluating District management's assertions concerning disbursements of bond funds from July 1, 2008 through June 30, 2009. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment II either for the purpose for which this report has been requested or for any other purpose.

Background information regarding Measure M bonds is included as Attachment I. The procedures performed and conclusions reached as a result of these procedures are identified in Attachment II. Attachment III provides information regarding the financial activity and balances of bond funds for the period from July 1, 2008 through June 30, 2009.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of San Mateo Union High School District and the Independent Citizens' Bond Oversight Committee for Measure M and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Perry-Smith LLP*

November 23, 2009

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
BACKGROUND INFORMATION**

**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, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate.

**SAN MATEO UNION HIGH SCHOOL DISTRICT MEASURE M GENERAL OBLIGATION BONDS**

On November 7, 2006, the electorate of the San Mateo Union High School District approved the \$298,000,000 Measure M general obligation bonds with greater than 55% of the votes in favor. The text of the ballot language was as follows:

To continue renovation and rehabilitation of 45- to 83-year old buildings and facilities on seven campuses for safe, healthy teaching and learning environments; further upgrade fire safety, accessibility, electrical, security, and sewer systems; repair, remodel, expand, build new and replace old, inadequate classroom buildings and other facilities per the District's Bond Projects List, with citizens' oversight of all expenditures, shall San Mateo Union High School District issue \$298 million in bonds at interest rates within the legal limit?

On June 18, 2007, the District issued \$62,700,000 of Measure M bonds with interest rates ranging from 4.0% to 5.0% and maturing in 2030.

The specific project list was attached to the original resolution as Exhibit A and included projects at the following sites within the District:

Aragon High School  
Burlingame High School  
Capuchino High School  
Hillsdale High School  
Mills High School  
San Mateo High School  
Crestmore site  
San Mateo Performing Arts Center  
Other necessary and incidental work – all sites

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
PROCEDURES PERFORMED AND CONCLUSIONS**

**PROCEDURES PERFORMED**

- We prepared a reconciliation of Measure M Bond funds, detailing Bond revenues and expenditures for the period July 1, 2008 through June 30, 2009.
- District management provided us with a detail of Measure M project-related expenditures totaling \$20,793,888. This detail included Measure M Bond funds, as well as Interim Bond Advancement funds used for Measure M projects. From this detail, we selected a sample of 60 expenditures totaling \$13,455,865. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 65% of the total expenditure value. Verified that funds were used for the repair, renovation, replacement, acquisition and furnishing of District sites and that funds were not spent for any non-project related salaries or other administrative expenses.

**CONCLUSION**

- The reconciliation of Measure M Bond proceeds is located at Attachment III, as "Summary Financial Information".
- Each of the 60 expenditures tested represented valid Bond expenditures, were properly charged to the location indicated, were properly coded as to the nature of the expenditure, and were determined to represent 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 were not spent for non-project related salaries or other administrative expenses.

Board of Trustees and  
Independent Citizens' Bond Oversight  
Committee for Measure M  
San Mateo Union High School District  
San Mateo, California

We have compiled the accompanying Schedules of Measure M General Obligation Bond Summary Financial Information (Attachment III) and Summary Project Expenditures (Attachment IV) for the period July 1, 2008 through June 30, 2009, in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying Schedules of Measure M General Obligation Bond Summary Financial Information and Summary Project Expenditures for the period July 1, 2008 through June 30, 2009 and, accordingly, do not express an opinion or other form of assurance on it.

*Perry-Smith LLP*

Sacramento, California  
November 23, 2009

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
SUMMARY FINANCIAL INFORMATION**

**For the Period July 1, 2008 through June 30, 2009**

	<b>Measure M</b>
Revenues:	
Interest income	\$ 997,111
Loss on investments	(2,877,566)
Total revenues	(1,880,455)
Expenditures:	
Classified salaries	154,809
Employee benefits	39,355
Supplies	385,987
Contract services	201,740
Capital outlay	20,011,997
Total expenditures	20,793,888
Deficiency of revenues under expenditures	(22,674,343)
Beginning fund balance, July 1, 2008, as originally reported	55,746,886
Prior period adjustment *	(1,517,884)
Beginning fund balance, July 1, 2008, as restated	54,229,002
Ending fund balance, June 30, 2009	\$ 31,554,659

\* There was an audit adjustment in 2007/08 to record costs on Project 0002 – Aragon High School Air Conditioning/Chillers. This adjustment was not originally reflected in the beginning fund balance.

**SAN MATEO UNION HIGH SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS  
SUMMARY PROJECT EXPENDITURES**

**For the Period July 1, 2008 through June 30, 2009**

<u>Project Description</u>	<u>Project Number</u>	<u>Expenditures</u>
AHS Kitchen Renovation	0010	\$ 113,280
BHS Cafeteria Renovation	0011	179,060
BHS Gym & Locker Room Renovation	0012	447,680
CHS New Classroom Building	0013	1,521,402
AHS Expand Student Services Building	0015	262,254
BHS Industrial Arts Building	0017	142,139
CHS Child Development Center	0018	343,453
CHS Science Building Roof Windows	0019	155,130
CHS Theatre Renovation	0020	351,465
HHS Gym, Wrestling & Dance Room	0021	376,637
HHS HVAC Piping & Control Replacement	0022	426,030
HHS Industrial Art Building, Cafeteria Renovation	0023	215,382
MHS Book Locker Replacement	0024	116,611
MHS New Classroom Building	0025	426,706
MHS Building A Renovation & Locker Room	0026	730,327
SMHS Music Room Renovation	0027	879,234
District Wide Theatres Program	0030	126,553
BHS Theatre Renovation	0031	94,245
District Wide Computer Equipment	0038	364,180
HHS Fire Line Replacement	0039	471,612
MHS Theatre & Gym Renovation	0042	2,367
Mills High School Skylight Replacement	0001	12,635
Aragon High School Air Conditioning/Chillers	0002	2,731,591
All Site Lock Replacements	0003	1,034
Aragon, Capuchino, Hillsdale and Mills High Field Replacement	0004	8,292,131
Aragon, Capuchino, Hillsdale and Mills High Pool System Replacement	0005	9,972
San Mateo High School Biotech Project	0007	586,114
Aragon High School Theatre Upgrade	0008	273,656
Hillsdale High School Theatre Upgrade	0009	140
Measure M Project Management Costs	0085	<u>1,140,868</u>
 Total expenditures		 <u>\$ 20,793,888</u>