

**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 June 18, 2007 through June 30, 2008. 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 June 18, 2007 through June 30, 2008.

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

December 5, 2008

**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 June 18, 2007 through June 30, 2008.
- District management provided us with a detail of Measure M project-related expenditures totaling \$6,953,114. 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 \$2,316,619. The sample was selected to provide a representation across specific construction projects, vendors, and expenditure amounts. The sample represented 33% 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 June 18, 2007 through June 30, 2008, 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 June 18, 2007 through June 30, 2008 and, accordingly, do not express an opinion or other form of assurance on it.

Perry-Smith LLP

Sacramento, California
December 5, 2008

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

For the Period June 18, 2007 through June 30, 2008

	<u>Measure M</u>
Revenues:	
Proceeds from bond advancement	<u>\$ 62,700,000</u>
Expenditures:	
Classified salaries	103,669
Employee benefits	23,301
Supplies	321,924
Contract services	11,623
Capital outlay	<u>6,492,597</u>
Total expenditures	<u>6,953,114</u>
Excess of revenues over expenditures	55,746,886
Beginning fund balance, June 18, 2007	<u>-</u>
Ending fund balance, June 30, 2008	<u><u>\$ 55,746,886</u></u>

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

For the Period June 18, 2007 through June 30, 2008

<u>Project Description</u>	<u>Project Number</u>	<u>Expenditures</u>
Mills High School Skylight Replacement	0001	\$ 140,824
Aragon High School Air Conditioning/Chillers	0002	756,679
All Site Lock Replacements	0003	296,352
Aragon, Capuchino, Hillsdale and Mills High Field Replacement	0004	4,661,148
Aragon, Capuchino, Hillsdale and Mills High Pool System Replacement	0005	156,968
San Mateo High School Biotech Project	0007	41,951
Aragon High School Theatre Upgrade	0008	6,000
Hillsdale High School Theatre Upgrade	0009	6,000
Measure M Overhead	0085	<u>887,192</u>
Total expenditures		<u>\$ 6,953,114</u>