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CHICO UNIFIED SCHOOL DISTRICT

**Citizens' Bond Oversight Committee
Measure E**

2017-2018 Annual Report
February 2019

I. Introduction

This is the 2017-2018 Annual Report of Citizens' Bond Oversight Committee (CBOC) for Measure E of the Chico Unified School District. This report is prepared, in conformance with California law, to summarize the work of the Bond Oversight Committee and review the past year of activity.

II. History and Overview of the Citizens' Bond Oversight Committee

On November 6, 2012, the Chico Unified School District ("District") submitted for voter approval Measure E, a bond measure to authorize the sale of \$78 million in bonds for needed repairs, upgrades and new construction projects for the District's schools. This measure was submitted to voters under the terms and conditions of Proposition 39 (Article XIII of the California State Constitution), which requires a 55 percent affirmative vote for passage. Measure E passed with 63.32 percent.

Because Measure E passed pursuant to Proposition 39, the District was required to establish a citizen's oversight committee and to conduct two independent audits. The first audit is a financial audit included in the District's annual financial audit. The second audit is a performance audit.

III. Committee Membership

California Education Code, Sections 15278-15282 established the duties of school district and its duly formed citizens' oversight committee with respect to Proposition 39 bond measures. This code requires that the governing board establish and appoint members to an independent citizens' oversight committee within 60 days of the date that election results are certified.

The Committee must consist of at least seven members to serve a term of two years without compensation and for no more than two consecutive terms. The Committee must include:

- a. One member who is active in a business organization representing the business community located within the school district.
- b. One member active in a senior citizens' organization.
- c. One member who is a parent or guardian of a child enrolled in the school district.
- d. One member is both a parent or guardian of a child enrolled in the school district an active in a parent-teacher organization.
- e. One member who is active in a bona fide taxpayers' organization.

A seven-member Citizens' Bond Oversight Committee was appointed by the Board in March 2013, to provide oversight of all bonds passed under Proposition 39, as required by law.

Current Committee membership includes:

Todd Sturgis – Chair, PTA, Term June 2019 (resigned October 2018)
 Mark Francis – Vice Chair, Business Representative, Term June 2019
 Tami Adams – PTO, Term June 2019
 Tracy Bettencourt – Parent/Guardian, Term June 2018
 Kelley Crockett – Member at Large, Term 2019
 Randy Salado – Member at Large, Term June 2019
 Katie Simmons – Business Representative, Term June 2019 (resigned December 2018)
 Angela Spain – Taxpayer Association, Term June 2018
 Kelsey Torres – Business Representative, Parent/Guardian, Term January 2021

The CUSD Citizens' Bond Oversight Committee met to discuss 2016-2017 matters on the following dates:

- January 25, 2018
 The Committee reviewed the minutes from the May 18, 2018 meeting. Committee Member Spain moved to approve, seconded by Member Simmons. The Committee adopted the minutes unanimously. CUSD Ms. Rocio French distributed copies of the 2016-17 Bond Audit Report. CUSD Mr. Bultema noted there were no material changes and no deficiencies in internal control for Measure E. Committee Member Francis moved to approve the Bond Audit Report, seconded by Member Simmons. The report was approved unanimously. CUSD Ms. Julie Kistle provided a sample of a report for Measure E that had been submitted previously. This report will be updated to reflect this year's budget. Committee Member Salado moved to adopt the report format, seconded by Member Simmons. The report format was adopted unanimously. CUSD Kistle distributed copies of the Expenditure Report, mentioned that Phase 3 projects at the Junior High Schools had some contingencies and not all money was spent. Fencing was added to several schools, including Parkview, Chapman, McManus and Fair View.

- July 19, 2018
 The Committee reviewed the minutes from the January 25, 2018 meeting. Committee Member Spain moved to approve, seconded by Member Bettencourt. The Committee adopted the minutes unanimously. The Committee reviewed current expenditures of \$13 Million. Highlighted projects included the addition of security fencing at various schools, the conversion of the Marsh MP Room (which added an IT and Conference Room), and the Shade Structure at Hooker Oak School that was need after some diseased trees were removed. CUSD Mr. Bultema shared information about the second planned bond sale. Mr. Bultema also shared a cash flow summary showing an ending balance (prior to second bond sale) of over \$2 Million. A tour of the current projects was provided for interested Committee Members.
- January 23, 2019
 Nominations were held to fill the position of Chairperson. Vice-Chair Mark Francis was nominated and elected, which resulted in nominations for Vice-Chair. Member Angela Spain was nominated and elected for Vice-Chair. The Committee reviewed the minutes from the July 19, 2018 meeting. Committee Member Crockett moved to approve, seconded by Member Bettencourt. All members approved with the exception of Chair Francis, he abstained due to missing this meeting. Committee discussed the need to fill member representation in a senior citizens' group and bona-fide taxpayers association. CUSD Ms. Julie Kistle distributed copies of the current Measure E Expenditures Report showing total expenditures of \$20 million. Projects included signs, fencing, and lighting for safety and security, as well as the Hooker Oak shade structure and Kinder structures at Emma Wilson Elementary. CUSD Mr. Bultema shared information about the \$30 million bond sale. CUSD Ms. Rocio French distributed copies of the 2017-18 Bond Audit Report. Mr. Bultema noted there were no material changes and no deficiencies in internal control for Measure E. Ms. Julie Kistle reviewed a sample of a report for Measure E that had been submitted previously. This report will be updated to reflect this year's budget. Committee Member Spain moved to adopt the report format, seconded by Member Crockett. The report format was adopted unanimously. The Measure E Project presentation was shared during the Measure K meeting.

IV. CBOC Actions

Measure E expenditures for fiscal year 2017-18 were reviewed by the Committee at the meeting held on January 23, 2019.

V. Performance and Financial Audit Reports

In accordance with the California State Constitution, the District will continue to have a performance audit completed annually until all Measure E funds have been expended. These reports are designed to meet the requirements of Article XIII of the California State Constitution; to inform the community of the appropriate use of funds generated through the sale of bonds authorized by Measure E; and to help the District improve its overall bond program.

The June 30, 2018 annual independent financial audit was conducted by Tittle & Company, LLP. Their report, dated December 17, 2018, states that in their opinion the financial statements present fairly, in all material respects, the Measure E Proposition 39 Bond Building Fund of Chico Unified School District as of June 30, 2018, and the changes in financial position, for the year ended in accordance with accounting principles generally accepted in the United States of America.

The annual independent performance audit was conducted by Tittle & Company, LLC. Their report, dated June 30, 2018, states that the results of their procedures indicated that the Chico Unified School District complied, in all material respects, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIA of the California Constitution.

VI. Communications with the Public

A CBOC website page, as required by law, exists, and the information that is posted includes CBOC meeting agendas and minutes and committee by-laws. Copies of the Bond Performance Audit have been posted, as is a link for community members interested in becoming a member of the CBOC.

VII. Expenditures

Project Name	Fiscal 2017-18 Expenditures	Status*
General Exp, FMP Revision & Phase 3 Planning	32,806	in progress
Measure E Master Plan		completed
Canopy Replacement CJHS & Rosedale		completed
CHS HVAC Replacement - Library		completed
PV Athletic Facility Planning		completed
CHS Athletic Facility Planning		completed
ADA Phase 1 Corporation Yard		completed
Safety & Security	341,798	in progress
Energy Efficiency LED house lights for CFA		completed
Technology Infrastructure		completed
MJHS MP Building Planning & Building	13,168	completed
Junior High Programming		completed
MJHS Site Drainage		completed
BJHS Conversion/Modernization		completed
CJHS Conversion		completed
Technology Infrastructure Phase II	21,900	in progress
Hooker Oak Shade Structure	11,854	in progress
Total	\$421,526	

VIII. **Conclusions**

The Citizen's Bond Oversight Committee, based on its review of the annual financial and performance audit reports and information received from District staff, Consultants and others, for expenditures through June 30, 2018 agrees the bond proceeds maintained in the building fund were used in compliance of the California Constitution.

The Chico Unified School District website, <http://www.chicousd.org/Departments/Business-Services/CUSD-School-Bonds/Citizens-Bond-Oversight-Committee-CBOC/CBOC-Measure-E/index.html>, provides information on Measure E, annual performance and financial audits, meeting agendas and minutes.