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CHICO UNIFIED SCHOOL DISTRICT

**Citizens' Bond Oversight Committee
Measure K**

2016-2017 Annual Report
February 2018

I. Introduction

This is the 2016-2017 Annual Report of Citizens' Bond Oversight Committee (CBOC) for Measure K 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 8, 2016, the Chico Unified School District ("District") submitted for voter approval Measure K, a bond measure to authorize the sale of \$152 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 K passed with 71.01 percent.

Because Measure K 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 February 2017, 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
 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 June 2019
 Randy Salado – Member at Large, Term June 2019
 Katie Simmons – Business Representative, Term June 2019
 Angela Spain – Taxpayer Association, Term June 2018

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

- May 18, 2017
 The committee held elections for Chair and Vice Chair positions. Chair Sturgis and Committee Vice Chair Francis were nominated and approved to serve another term for Measure E and K Committees. Mr. Bultema provided information on Bond sale of Series A-1 and A-2 in the amount of \$40 million. Committee members toured various school sites to view Measure E and Measure K projects.
- January 25, 2018
 The Committee reviewed and discussed the final audit report for 2016-17 and adopted the Committee's report to be presented the Board of Education on March 28, 2018.

IV. CBOC Actions

Measure K expenditures for fiscal year 2016-17 were reviewed by the Committee and accepted at the meeting held on January 25, 2018.

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 K 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 K; and to help the District improve its overall bond program.

The June 30, 2017 annual independent financial audit was conducted by Tittle & Company, LLP. Their report, dated December 7, 2017, states that in their opinion the financial statements present fairly, in all material respects, the Measure K Proposition 39 Bond Building Fund of Chico Unified School District as of June 30, 2017, 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 December 7, 2017, 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 XIIA 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 2016-17 Expenditures	Status*
General Bond Issuance	150,000	in progress
Measure K Project Management	2,125	in progress
Marigold Elementary Phase III	772,825	in progress
PVHS Stadium Athletic Master Plan Phase I	667,538	in progress
Shasta Elementary Phase III	588,933	in progress
Neal Dow Elementary Phase III	189,277	in progress
CHS Big Gym HVAC	21,148	in progress
Loma Vista Elementary Phase III	928,503	in progress
CHS Stadium Athletic Master Plan Phase I	883,955	in progress
PVHS Small Gym HVAC	31,645	in progress
Charter General Expenses	340	in progress

Chico Country Day School		in progress
Nord Country School		in progress
Forest Ranch		in progress
Step Up Academy		in progress
Sherwood Montessori		in progress
Inspire School of the Arts and Sciences		in progress
Total	\$4,236,288	

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, 2017 agrees the balance of 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-K/index.html>, provides information on Measure K, annual performance and financial audits, meeting agendas and minutes.