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CHICO UNIFIED SCHOOL DISTRICT

**Citizens' Bond Oversight Committee
Measure E**

**2019-2020 Annual Report
February 2021**

I. Introduction

This is the 2019-2020 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 and 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:

Mark Francis – Chair, Business Representative, Term June 2019
 Kelley Crockett – Vice Chair, Member at Large, Term June 2023
 Tracy Bettencourt – Parent/Guardian, Term June 2022
 Joseph Cobery – Senior Citizen Group Representative – Active Member in a Senior Citizens' Organization, Term 2026
 Ivan Garcia – Parent/Guardian of Child Enrolled in District & Active in a Parent and active in a parent-teacher organization, Term June 2026
 Randy Salado – Member at Large, Term June 2022
 Angela Spain – Taxpayer Association, Term June 2022 (Resigned on 2/5/20)
 Katy Thoma – Business Representative, Term June 2026

The CUSD Citizens' Bond Oversight Committee met to discuss 2019-2020 matters on the following dates:

- October 22, 2020
 The Committee reviewed the minutes from the January 23, 2020 meeting. Committee Member Salado moved to approve, seconded by Member Bettencourt. The Committee adopted the minutes. CUSD Mr. Bultema distributed copies of the Measure E Expenditures Report. The report included a breakdown by each Phase and fund being used for each project. Measure E Bond Series A and B Expenditures were reviewed. Series A expenditures total \$14,514,177 of \$15M Bond sale. Series B expenditures total \$30,423,683 (including interest earned at the County Treasure) of \$30M Bond Sale. CUSD Kistle reviewed the Facilities Master Plan (FMP) update for Phase III and IV projects. CUSD Bultema discussed membership terms and suggested making a change to current Bylaws to allow members to serve 4-year terms instead of 2-year terms. This item would be discussed and voted on at the next meeting after members review current Bylaws.

- February 23, 2021

The Committee reviewed the minutes from the October 22, 2020 meeting. Committee Member Garcia moved to approve, seconded by Member Crockett. The Committee adopted the minutes. CUSD French distributed copies of the 2019-20 Bond Audit Report. CUSD Bultema noted that there were no findings and that the Auditors' Report stated the financial statements were presented "fairly, in all material respects, the financial position of the Bonds of the District as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America." Bond audit was accepted by the Committee. CUSD French distributed copies of the proposed Committee Annual Report for 2019-20. CUSD Kistle reviewed the annual report and requested the Committee approve the updated report and noted that the summary for this meeting would be added and shared with the group prior to taking it to the Board for final approval. The Committee approved the report. CUSD Bultema suggested a change be made to the bylaws to allow members to serve 4-year terms instead of 2-year terms. A document was shared showing new term dates for each member if this change was approved. The Committee approved the terms be changed to 4 years.

IV. **CBOC Actions**

Measure E expenditures for fiscal year 2019-20 were reviewed by the Committee at the meeting held on October 22, 2020.

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, 2020 annual independent financial audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2020 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, 2020, and the changes in financial position, for the year ended in accordance with accounting principles generally accepted in the United States of America.

The June 30, 2020 annual independent performance audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2020, 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	Year End June 30,	
	2020	
Expenditures		Status*
General Exp, FMP Revision & Phase 3 Planning	490,441	in progress
Measure E Master Plan	638,741	completed
Canopy Replacement CJHS & Rosedale	248,277	completed
CHS HVAC Replacement - Library	260,180	completed
PV Athletic Facility Planning	100,000	completed
CHS Athletic Facility Planning	100,000	completed
ADA Phase 1 Corporation Yard	204,108	completed
Safety & Security	1,779,694	in progress
Energy Efficiency LED house lights for CFA	3,391	completed
Technology Infrastructure	2,291,961	completed
MJHS MP Building Planning & Building	2,062,516	completed
Junior High Programming	46,952	completed
MJHS Site Drainage	418,719	completed
BJHS Conversion/Modernization	4,471,863	completed
Technology Infrastructure Phase II	1,471,143	completed
Hooker Oak Shade Structure	56,312	completed
Marigold Elementary New Construction	10,611,243	in progress
Shasta Elementary New Construction	3,422	in progress
Neal Dow Elementary New Construction	10,159,057	in progress
Loma Vista New Construction	7,435,022	in progress
Emma Wilson Elementary Kindergarten Building	2,084,819	in progress
Total	44,937,860	

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, 2020 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.