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CHICO UNIFIED SCHOOL DISTRICT

**Citizens' Bond Oversight Committee
Measure K**

**2017-2018 Annual Report
February 2019**

I. Introduction

This is the 2017-2018 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 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 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 (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 2017-2018 matters on the following dates:

- January 25, 2018
 The Committee reviewed the minutes from the May 18, 2018 meeting. Committee Member Salado 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 K. A comparison was made between Measure E & K's Note to Financial Statements. There is a significant difference rates and payment terms; and although Measure E was approved first, Measure K will be paid off before E. Committee Member Salado moved to approve the Bond Audit Report, seconded by Member Francis. The report was approved unanimously. CUSD Ms. Kistle suggested using the same format used for the Measure E Report. Committee Member Spain moved to adopt the report format, seconded by Member Bettencourt. The report format was adopted unanimously. Ms. Kistle shared a PowerPoint presentation highlighting various projects including gym HVAC additions at CHS and PVHS, Stadiums

at CHS and PVHS, and new construction at Shasta, Marigold, Loma Vista, and Neal Dow schools.

- 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. CUSD Kistle distributed copies of the current Measure K Expenditures Report showing total expenditures of \$25 million. Highlighted projects included new HVAC systems at Chico High School's Big Gym and Pleasant Valley High School's Small Gym. After the completion of these projects, all gyms will be air-conditioned. Charter School improvements are also in progress. 15.34% of the Measure K fund is allocated to charter schools. CUSD Kistle gave a PowerPoint presentation highlighting new construction at the following sites: Shasta Elementary, Marigold Elementary, Loma Vista School, Neal Dow Elementary, and Emma Wilson Elementary. A tour of the current projects was provided for interested Committee Members.

- January 23, 2019

Nominations were needed to fill the vacant Chairperson position. Committee agreed to elect the same Chair and Vice-Chair who were elected at the Measure E Meeting held prior to the Measure K Meeting. Mark Francis was elected Chair, and Angela Spain was elected for the Vice-Chair position. Committee Member Crockett moved to approve, seconded by Member Spain. 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 K Expenditures Report showing total expenditures of \$40 million. Reported that a portion of the Measure K funds are being used for the Project Manager position held by Mike Weissenborn who was hired to assist with project bids and direction. The Charter Schools share a portion of the cost with their Measure K monies. Committee Chair Francis requested a report be provided with a summary of Charter School projects and expenditures. 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 K. CUSD Ms. Kistle suggested the committee use the same Annual report format that was previously adopted at the Measure E Meeting. Committee Member Crockett moved to adopt the report format, seconded by Member Spain. The report format was adopted unanimously. Ms. Kistle shared a presentation highlighting current Measure E & K Projects. Projects included fencing at CHS and CJHS, HVAC units at CHS and PVHS gyms, and the nearly completed construction at Loma Vista, Marigold, and Neal Dow schools.

IV. **CBOC Actions**

Measure K 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 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, 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 K 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 XIII A 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 Bond Issuance | (5,443) | in progress |
| Measure K Project Management | 2,326 | in progress |
| Marigold Elementary Phase III | 3,929,609 | in progress |
| PVHS Stadium Athletic Master Plan Phase I | 2,029,755 | in progress |
| Shasta Elementary Phase III | 4,176,918 | in progress |
| Neal Dow Elementary Phase III | 1,584,938 | in progress |
| CHS Big Gym HVAC | 526,202 | in progress |
| Loma Vista Elementary Phase III | 4,275,603 | in progress |
| CHS Stadium Athletic Master Plan Phase I | 5,591,142 | in progress |
| PVHS Small Gym HVAC | 391,165 | in progress |
| Charter General Expenses | 340 | in progress |
| Chico Country Day School | 250,025 | in progress |
| Nord Country School | 305,498 | in progress |
| Forest Ranch | 41,454 | in progress |
| Step Up Academy | 109,337 | in progress |

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|---|---------------------|-------------|
| Sherwood Montessori | 197,128 | in progress |
| Inspire School of the Arts and Sciences | 55,088 | in progress |
| Blue Oak | 610 | in progress |
| CORE Butte | 2,607 | in progress |
| Wildflower | 372 | in progress |
| Total | \$23,464,334 | |

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 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.