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*CHICO UNIFIED SCHOOL DISTRICT*

**Citizens' Bond Oversight Committee  
Measure K**

**2019-2020 Annual Report  
February 2021**

**I. Introduction**

This is the 2019-2020 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:

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 K Expenditures Report. The report included a breakdown by each Phase and fund being used for each project. Measure K Bond Series A and B Expenditures were reviewed. Series A expenditures total \$44,938,538 of \$45M Bond sale. Series B expenditures total \$33,454,355 of \$55M 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. The 2019-20 Bond Audit was discussed during the Measure E Meeting. Committee Member Crockett mentioned that she would like to see an update when projects listed in the audit were complete. Most projects had a status of "In progress". CUSD Kistle will provide updates and also noted that Step Up Academy, a charter on this list, was no longer an active charter, therefore, Measure K Funds would no longer serve them. Bond audit was accepted by the Committee. The proposed Committee Annual Report for 2019-20 was discussed during the Measure E Meeting. 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 during the Measure E Meeting 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. CUSD Bultema announced that that final Measure K Bond Series would sell late spring/early summer and invited anyone interested to join him view the bond sale.

#### IV. **CBOC Actions**

Measure K 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 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, 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 K 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**

	Year End June 30, 2020	
<b>Project Name</b>	<b>Expenditures</b>	<b>Status*</b>
General Bond Issuance	317,536	in progress
CHS Ag CTEFP	60,515	in progress
Measure K Project Management	4,451	in progress
Marigold Elementary Phase III	23,303,304	in progress
PVHS Stadium Athletic Master Plan Phase I	4,378,582	complete
Shasta Elementary Phase III	6,990,410	in progress
Neal Dow Elementary Phase III	14,197,702	in progress
CHS Big Gym HVAC	781,623	complete
Loma Vista Elementary Phase III	7,398,824	in progress
CHS Stadium Athletic Master Plan Phase I	6,882,616	in progress
PVHS Small Gym HVAC	480,840	complete
Emma Wilson	3,296,244	In progress
PVHS Phase IV Project	4,000,475	in progress
Beam Repair – Elementary Sites	8,634	In progress
Charter General Expenses	340	in progress
Chico Country Day School	1,119,636	in progress
Nord Country School	1,182,258	in progress
Forest Ranch	531,948	in progress
Step Up Academy*	109,345	complete
Sherwood Montessori	637,880	in progress
Inspire School of the Arts and Sciences	755,828	in progress
Blue Oak	188,885	in progress
CORE Butte	1,750,831	in progress
Wildflower	321,735	in progress
<b>Total</b>	<b>78,700,442</b>	

\*Step Up Academy is no longer an active Charter School

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 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.