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CHICO UNIFIED SCHOOL DISTRICT

Citizens' Bond Oversight Committee Measure K

**2020-2021 Annual Report
March 2022**

I. Introduction

This is the 2020-2021 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 four years without compensation and for no more than three 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 2025
 Kelley Crockett – Vice Chair, Member at Large, Term June 2029
 Tracy Bettencourt – Parent/Guardian, Term June 2028
 Joseph Cobery – Senior Citizen Group Representative – Active Member in a Senior Citizens' Organization, Term 2032
 Ivan Garcia – Parent/Guardian of Child Enrolled in District & Active in a Parent and active in a parent-teacher organization, Term June 2032
 Randy Salado – Member at Large, Term June 2028
 Katy Thoma – Business Representative, Term June 2032

The CUSD Citizens' Bond Oversight Committee met to discuss 2020-2021 matters on the following dates:

- March 22, 2022
 The Committee reviewed the minutes from the February 23, 2021 meeting. Committee Member Crockett moved to approve, seconded by Member Garcia. The Committee adopted the minutes. The 2020-21 Expenditure Report was discussed during the Measure E Meeting. CUSD Kruger noted that Measure E, Series B and Measure K, Series A have been fully spent. Committee Member Crockett asked about the Measure K, Series C Sale. CUSD Kruger confirmed that Series C for \$52M was fully sold in August, 2021. The 2020-21 Bond Audit was reviewed during the Measure E Meeting. Committee Chair Francis asked if it was possible for our auditors to provide an opinion on Prop 39 compliance in future audit reports. CUSD Kruger will look into this request. Committee Member Garcia moved to approve the Bond Audit Report, seconded by Member Cobery. The Bond Audit was approved. During the Measure E Meeting, CUSD Kistle shared a presentation highlighting Measure K and K Projects at Pleasant Valley High School, Chico High School, McManus Elementary, Chico Country Day School, and Inspire School of the Arts and Sciences. CUSD French shared Draft Annual Reports for Measure E and K highlighting the changes. CUSD Kistle requested the Committee approve the format and a finalized report will be shared via email for final approval. The Committee agreed to approve the reports via email once all changes had been made.

IV. **CBOC Actions**

Measure K expenditures for fiscal year 2020-2021 were reviewed by the Committee at the meeting held on March 22, 2022.

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, 2021 annual independent financial audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2021 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, 2021, 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, 2021 annual independent performance audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2021, 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	Prior Expenditures	2020-2021 Expenditures	Status
General Bond Issuance	317,536	2,250	in progress
CHS Ag CTEFP	60,515	446,917	in progress
Measure K Project Management	4,451		in progress
Marigold Elementary Phase III	23,303,304	1,676,600	in progress
PVHS Stadium Athletic Master Plan Phase I	4,378,582		completed
Shasta Elementary Phase III	6,990,410		completed
Neal Dow Elementary Phase III	14,197,702	751,680	completed

CHS Big Gym HVAC	781,623		completed
Loma Vista Elementary Phase III	7,398,824	158,036	In progress
CHS Stadium Athletic Master Plan Phase I	6,882,616	38,201	completed
PVHS Small Gym HVAC	480,840		completed
Emma Wilson	3,296,244	289,205	completed
PVHS Phase IV Project	4,000,475	7,282,901	in progress
Beam Repair – Elementary Sites	8,634		In progress
Charter General Expenses	340		in progress
Chico Country Day School	1,119,636	3,886,492	in progress
Nord Country School	1,182,258	(16,243)	in progress
Forest Ranch	531,948	172,933	in progress
Step Up Academy*	109,345		completed
Sherwood Montessori	637,880	139,092	in progress
Inspire School of the Arts and Sciences	755,828	970,754	in progress
Blue Oak	188,885		in progress
CORE Butte	1,750,831	109,787	in progress
Wildflower	321,735	875	in progress
Total	78,700,442	17,208,948	

*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, 2021 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.