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CHICO UNIFIED SCHOOL DISTRICT

Citizens' Bond Oversight Committee
Measure K

2021-2022 Annual Report
March 2023

I. Introduction

This is the 2021-2022 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

The CUSD Citizens' Bond Oversight Committee met to discuss 2021-2022 matters on the following dates:

- March 20, 2023
 The Committee reviewed the minutes from the March 22, 2022 meeting. Committee Member Garcia moved to approve, seconded by Member Crockett. The Committee approved the minutes. The 2021-22 Expenditure Report was discussed during the Measure E Meeting. The 2021-22 Bond Audit was reviewed during the Measure E Meeting. There were no findings. Committee Member Crockett moved to approve the Bond Audit Report, seconded by Member Garcia. The Bond Audit was approved. During the Measure E Meeting, CUSD Kistle shared a presentation which included a summary of previous bond measures dating back to 1988. Kistle also reviewed a timeline of the Facilities Master Plan (FMP) and current Phase IV project – McManus Elementary Modernization. CUSD French shared a Draft Annual Report for Measure K highlighting the changes. Committee Chair Francis noted one change needed on page 3 – expenditure amount correction for the Neal Dow Project. Committee Member Garcia moved to approve with the correction, seconded by Member Cobery. Report was adopted.

IV. **CBOC Actions**

Measure K expenditures for fiscal year 2021-2022 were reviewed by the Committee at the meeting held on March 20, 2023.

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, 2022 annual independent financial audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2022 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, 2022, 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, 2022 annual independent performance audit was conducted by Horton McNulty & Saeteurn, LLP. Their report, dated June 30, 2022, 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	Prior Expenditures	2021-2022 Expenditures	Status
General Bond Issuance	317,536	296,776	in progress
CHS Ag CTEFP	507,432	151,306	completed
Measure K Project Management	4,451		completed
Marigold Elementary Phase III	24,979,904		completed
PVHS Stadium Athletic Master Plan Phase I	4,378,582		completed
Shasta Elementary Phase III	6,990,410		completed
Neal Dow Elementary Phase III	14,949,382		completed
CHS Big Gym HVAC	781,623		completed
Loma Vista Elementary Phase III	7,556,860	5,224	completed

CHS Stadium Athletic Master Plan Phase I	6,990,410		completed
PVHS Small Gym HVAC	480,840		completed
Emma Wilson	3,585,449		completed
PVHS Phase IV Project	11,283,376	478,683	in progress
Beam Repair – Elementary Sites	8,634		In progress
McManus Elementary Phase IV	90,540	1,668,714	in progress
PVHS CTE Round 6	1,208,928	1,683,008	in progress
Charter General Expenses	340		in progress
Chico Country Day School	5,006,128	143,838	in progress
Nord Country School	1,166,015	337	in progress
Forest Ranch	704,880	31,359	in progress
Step Up Academy*	109,345		completed
Sherwood Montessori	776,972	218,419	in progress
Inspire School of the Arts and Sciences	1,726,583	282,900	in progress
Blue Oak	188,885		in progress
CORE Butte	1,860,618	231,242	in progress
Wildflower	322,610		in progress
Total	95,909,390	5,191,806	

*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, 2022 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.