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 an 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 Section1(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**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Prior Expenditures</th>
<th>2020-2021 Expenditures</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Bond Issuance</td>
<td>317,536</td>
<td>2,250</td>
<td>in progress</td>
</tr>
<tr>
<td>CHS Ag CTEFP</td>
<td>60,515</td>
<td>446,917</td>
<td>in progress</td>
</tr>
<tr>
<td>Measure K Project Management</td>
<td>4,451</td>
<td></td>
<td>in progress</td>
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<tr>
<td>Marigold Elementary Phase III</td>
<td>23,303,304</td>
<td>1,676,600</td>
<td>in progress</td>
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<tr>
<td>PVHS Stadium Athletic Master Plan Phase I</td>
<td>4,378,582</td>
<td></td>
<td>completed</td>
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<tr>
<td>Shasta Elementary Phase III</td>
<td>6,990,410</td>
<td></td>
<td>completed</td>
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<tr>
<td>Neal Dow Elementary Phase III</td>
<td>14,197,702</td>
<td>751,680</td>
<td>completed</td>
</tr>
</tbody>
</table>
### 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

### Charter General Expenses
340

### 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

### 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

### 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

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### 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.