

**Measure Q**  
**Citizens' Bond Oversight Committee**

This is an interim report on the results of the first independent audits for the fiscal year ending 30 June 2017; and, the review of the audits by the Citizens' Bond Oversight Committee (CBOC). This report will be also included in the CBOC 1<sup>st</sup> annual report to the citizens. "Education (Ed) Code 15280 states, "Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet Web site maintained by the governing board of the district." This CBOC interim report and the independent audits are posted on the Measure Q website "dixonmeasureq.com."

**Background:**

Proposition 39 (Local School Construction Bonds Act of 2000) was passed in 2000 allowing bond measures for school construction to pass with a 55% majority vote. At the November 2016 election 60% of voters approved Dixon Unified School District Measure Q for projects to modernize our public schools. The first series of Measure Q general obligation bonds were issued on April 2, 2017 in the amount of \$19,230,000 at an issuance cost of \$230,000, and a premium of \$971,554. These bonds have fixed interest rates from 2% to 5% and mature starting in August 1, 2018 and ending in August 1, 2040. All home owners and business owners within the Dixon USD are being taxed for the repayment of the general obligation bonds to finance these projects.

Proposition 39 requires a bond oversight committee to oversee project expenditures and prepare reports to the citizens. The Education Code 15264 specifies that it is the intent of the Legislature that "vigorous efforts are undertaken to ensure that the expenditure of bond measures are in the strict conformity with the law", "taxpayers directly participate in the oversight of bond expenditures", and "the members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money."

Proposition 39 also requires annual independent financial and performance audits. The audits are required to be conducted in accordance with the General Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

**Independent Financial Audit**

As stated in the audit report, "The responsibility of the auditor is to express an opinion on these financial statements based on our audit."

The audit opinion was, "the fund financial statements referenced to above present fairly, in all material respects, the financial position of the Dixon Unified School District Measure Q Obligation Bonds 2016 Series A Building Fund as of June 30, 2017.... "

The CBOC accepted the conclusions of the audit opinion; however, it was requested that footnotes be added to explain \$14,344 under Assets on the Balance Sheet as "Due from other funds", and \$45,689 listed as "Other local revenues" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The \$14,344 "Due from other funds" was to correct the interest on bond proceeds being improperly posted to another fund. The "Other local revenues" is the total interest, as of 30 June 2017, on bond proceeds deposited with the County Treasurer. These footnote additions have not been added as of the date of this report.

### **Independent Performance Audit**

The objective of the Performance Audit was to determine “with reasonable assurance that the proceeds of the sale of the 2016 Measure Q bonds were used for the purposes set forth in the ballot language and not for any other purpose.” This objective is also one of the purposes of the oversight committee as stated in Ed Code 15278 to ensure “no funds are used for any teacher or administrative salaries or other school operating expenses.”

The auditor’s opinion was that, based upon their tests listed in the report, “the District complied with the requirements of the Measure Q General Obligation Bonds 2016 Series A Building Fund proceeds...”

**The CBOC recommended the following additions to the Performance Audit for violations of the law, the provision of Proposition 39, the implementing Ed Codes and the Measure Q Ballot Language:**

**(1) Add an audit finding that the District failed to form the oversight committee within 60 days of the date that the governing board entered the election results for Measure Q in the minutes as required by Ed Code 15278.**

**Note:** The requirement of the Ed Code is the minimum time frame for selection of citizen’ oversight committee members. The selection of the CBOC members could have taken place immediately after the election. Some Districts have established the oversight committee before the election. The results of the election were entered in the Board minutes of January 12, 2017. The selection of the CBOC members was not completed until May 25, 2017. The first meeting of the CBOC was held on June 28, 2017.

**(2) Add an audit finding that the District did not provide copies of the independent Financial and Performance audits to the CBOC at the same time they were received by the District as required by Ed Code 15286.**

**Note:** The CBOC was not notified about the audit report, dated December 12, 2017, before the audit report was included on the School Board Agenda for the February 1, 2018 meeting.

These additions have not been added to the audit report as of the date of this report.

The auditor agreed that the CBOC should participate in future audit planning sessions with the District and the auditor.