

Citizen's Bond Oversight Committee (CBOC)

2017 Annual Report

July 1, 2017 – June 30, 2018



(insert new picture of re-roof)

Letter from the Vice-Chair

Dear Citizens of Dixon,

As Vice-Chair of the Dixon Unified School District's Citizens' Bond Oversight Committee (CBOC), I am pleased to offer you this report on behalf of the Dixon CBOC. This document represents a lot of time and effort from a group of seven volunteers for this important oversight task. It has been a pleasure to work with Robert Strong (FY 17-18 Chair), Gary Riddle (current Vice-Chair), Jorjet Potier, Julie Mustard, Andrea Kett, and Jack Caldwell. Our First Annual Report summarizes our review of fund expenditures from the Measure Q Bond Program.

Dixon voters approved a \$30.4 million Bond offering, known as Measure Q, at the time of the November 2016 election. Our committee was convened in May 2017 and our responsibility is to actively review and report on the expenditures from this bond offering, representing money that will be paid back by Dixon taxpayers through their property taxes. The CBOC serves as a watchdog, to ensure that funds are spent properly on school remodeling and infrastructure improvements or items closely related to implementing these tasks, including supporting the Dixon CBOC to perform our tasks (as we have no budget or funding).

During our first year of functioning as a committee, not much construction or renovation took place. This time was used to develop plans and wait for state approval of the blueprints for the remodeling of the old Dixon High School and turning it into the new Dixon Middle School. As of now, the opening date is scheduled for August 2020. For the Vice-Chair, this is an important goal, as my son would have the opportunity to be a member of the first group of students attending the Dixon Middle School as an 8th grader. Other items have been happening behind the scenes, such as remediation and removal of environmental hazards, including lead and asbestos. Across the district schools, there has been an effort to improve access for students with disabilities to comply with the accessibility requirements, such as upgrading restrooms, entrances, and playground equipment. The school district has taken advantage of additional matching funds to upgrade energy efficiency in the schools, thereby saving Measure Q Bond money and saving the District future utility charges.

Now, we are at the point of seeing tangible progress for the trust the community as placed in the School District and the Dixon CBOC. The old tile roof on the future Dixon Middle School has been replaced with an aesthetically pleasing steel roof and the old modular classroom buildings have been removed from the site. In early 2019, major construction and remodeling efforts will begin.

Letter from the Vice-Chair

The Dixon CBOC members have agreed to serve a two-year term, ending in June 2019. Members can continue to serve, up to six years, if they wish. There may be opportunities for new members to join at that time. The CBOC has met every one or two months, depending on the workload and issues requiring our attention. Our meetings are open to the public and are held at the Dixon City Chamber meeting room, and the meeting is broadcast on the Community Access channel on WaveCable and streamed over the internet. At school board meetings after our Dixon CBOC meeting, I have provided a 3-minute update to the school board members and the community on our activity and actions. In addition, most of our meetings have been archived. We have a dedicated website: <http://www.DixonMeasureQ.com>. The website has been a work-in-progress for much of 2017, but is now functional. If items are not working correctly, please let us know. CBOC members also have dedicated email accounts for this effort and are posted on the website. We welcome your feedback and involvement with the committee. As often pointed out, this is the “Citizens” Bond Oversight Committee – it belongs to all citizens of Dixon.

The Dixon CBOC has had a successful first year. We have reviewed all budget items up to June 30, 2018. Based on our review, we are pleased to state that the Dixon Unified School District was in compliance with the California Constitution and that Bond funds were used appropriately.

Sincerely,

Tad Smith

September 26, 2018

Citizens’ Bond Oversight Committee Vice-Chair, 2017-18

Citizens’ Bond Oversight Committee Chair, 2018-19

CBOC Roles and Activities

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. In November 2016, the community passed Measure Q, a \$30.4 million general obligation bond for capital improvements to school facilities. Full text to the Measure Q can be found in this website:

http://images.pcmac.org/Uploads/DixonUSD/DixonUSD/Divisions/DocumentsCategories/Documents/Measure_Q_-_Full_Text.pdf

A Facilities Needs Assessment was completed by the District prior to the election, to determine the Bond Project List. The Bond funds will repair, renovate and reopen Old Dixon High School as a Grade 6-8 Middle School; repair/renovate Anderson Elementary School; and improve security/safety and American with Disabilities Act (ADA) compliance at district 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.

The Committee is required to provide a written report to the citizens at least once each year. This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee.

CBOC Roles and Activities

Citizen's Bond Oversight Committee (CBOC)

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.”

Mission Statement

The Mission of the Citizens' Bond Oversight Committee is to independently review the planning, execution and expenditure of the Measure Q bond proceeds to ensure payments are made only for the modernization and upgrade of DUSD schools; and report conclusions to the public as intended by the bond measure and provisions of the Ed Code.

The CBOC reviews and reports on the annual audits, in addition to their other monitoring and reporting activities. The Committee is required to provide a written report to the citizens at least once each year. This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee. An Interim report was issued in May 2018 regarding the fiscal year ending 30 June 2017 annual financial and performance audits and is included in this report under Results of Financial and Performance Audits.

Pursuant to Proposition 39, the general duties of the Committee are to:

- Ensure Measure Q funds are spent only on projects listed in Measure Q, and that no funds are used for any other purpose, including teacher and administrator salaries and other school operating expenses. (The Ed Code uses the term “administrative” instead of administrator.)
- Receive and review copies of the annual financial and performance audits with respect to the bond projects as required by state law.
- Provide information to the public concerning the expenditure of bond funds.

CBOC Roles and Activities

- The Committee is required to provide a written report to the citizens at least once each year. (This is the first report issued since the passage of the Measure Q bond measure and the establishment of the Committee.)

The Committee discussed with the District using bond funds for the payment of a portion of the salary of a member of the staff. The District justified the payment as valid based upon the Attorney General Opinion 04-110, November 9, 2004. The Attorney General Opinion concluded that “A school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.” The Committee is confirming if bond funds can be expended for any salary of a member of the District staff (such as clerical staff in support of the bond projects).

Measure Q – Classroom Repair, Renovation and Safety Measure

- ▶ To repair, renovate and reopen Old Dixon High School as a middle school (referred to herein as “Middle School project”);
- ▶ Repair and renovate Anderson Elementary School (referred to herein as “Anderson Elementary School project”), and;
- ▶ Improve security/safety and Americans with Disabilities Act compliance at District schools (referred to herein as “Code Compliance project”).

CBOC Members

The CBOC is comprised of volunteers who represent specific constituencies, including a member active in a business organization representing the business community located within the District, a member active in a senior citizens’ organization, a member active in a bona fide taxpayers’ organization, a member that is a parent or guardian of a child enrolled in the District, and a member that is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization.

CBOC Roles and Activities

Name	Position	E-mail
Robert Strong	Chairperson	RobertS.dixoncboc@gmail.com
Tad Smith	Vice Chairperson	Tad.dixoncboc@gmail.com
Gary Riddle	Member	Gary.dixoncboc@gmail.com
Jack Caldwell	Member	Jack.dixoncboc@gmail.com
Andrea Kett	Member	Andrea.dixoncboc@gmail.com
Julie Mustard	Member	Julie.dixoncboc@gmail.com
Jorjet Potier	Member	Jorjet.dixoncboc@gmail.com

According to the Measure Q Bond requirements, *the committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board.* The District delayed in appointing the CBOC members and the committee was not fully established until June 28, 2017 (first CBOC meeting with all the members). During a school board meeting, the District Superintendent acknowledged the delay, offered personal apology for this oversight, and took responsibility of the mistake.

Subcommittees

Contracts Review Subcommittee

The purpose of the Contracts Review Subcommittee is to review and confirm that all contracts for professional/consulting services and construction contracts are being solicited and awarded through a competitive process. However, the Subcommittee did not observe the contract selection process meetings nor receive the documentation supporting the selection process. Our oversight was limited to reviewing copies of awarded contracts and proposals provided by the District. The District provided narrative information regarding the contract selection process through presentations to the CBOC.

The purpose of the Contracts Review Subcommittee is to review and confirm that all contracts for professional services and construction contracts are being solicited and awarded through a competitive process.

CBOC Roles and Activities

Website Subcommittee

The purpose of the Website Subcommittee is to provide information such as CBOC members and emails, meeting agendas and minutes, financial and performance audits, all correspondence, contracts, District financial reports, annual reports and additional documents provided by Dixon Unified School District. The CBOC website can be found on the link: <http://www.dixonmeasureq.com/coc/>.

Audit Subcommittee

The purpose of the Audit Subcommittee is to receive and review the financial and performance audits and recommend necessary additions for a thorough reporting of financial data and compliance with the legal requirements of the Ed Code.

Activities

The committee convened and participated in several key activities central to their main charge, such as preparing the Annual Report, reviewing program expenditures, and reviewing annual audits. The CBOC met on seven occasions (through June 2018) during the 2017/2018 fiscal year. Proceedings of these meetings included: Appointment and Election of Chair/Vice-Chair, Review of Committee Bylaws and Mission Statement, review of Measure Q ballot language including approved project list, review of expenditure reports, review of contracts, and review of financial and performance audits. The CBOC was scheduled to perform campus walk through of the old High School with the District, but did not take place in FY 17-18.

Bond Funding

Monitoring Bond Funding

The first series of Measure Q general obligation bonds were issued on April 2, 2017 in the amount of \$19,230,000, broken down in the following criteria:

- \$230,000 Cost of Issuance
- \$15 million Middle School Project
- \$1 million Anderson Elementary School Project
- \$3 million Security/Safety and ADA Improvements project

See *Project, Scope, Cost, Schedule, and Contracts* below for details on bond expenditures for each project.

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Project Scope, Cost, Schedule, and Contracts

Middle School (Modernization of “Old Dixon High School”) Project

Scope:

- Repair, renovate and reopen Old Dixon High School campus as Middle School. Buildings include A, B, C, Multi-Purpose Room (MPR), Music, Gymnasium, and Quad Restroom. Work also involves developing the site.
- Building A (referred to herein as A-Wing) roof replacement was separated from the overall Middle School project due to its immediate need for replacement.

Cost (Bond Funding): \$15.2 million

- \$15,000,000 is included in the \$19,230,000 first issuance of the bond
- **The expenditures report (through June 30, 2018) will need to be reviewed and confirmed prior to release of this report, to ensure encumbrances (for contracts) and expenses are accurate and expended accordingly.**
- **In general, encumbrances listed in the expenditures report (for both FY 16/17 and FY 18/19) do not add-up to contracts presented for approval to the Board.**
- Also, there are clerical and legal expenses that the CBOC committee is discussing with the District to confirm if bond funding can be used.
- Total Soft Costs:
 - Soft costs included bond issuance, clerical expenses, legal fees, facilities assessment, design services (for both Middle School project and A-wing re-roof project), bond management services, permit fees, hazardous materials (asbestos) testing and surveying, easement survey, inspections (A-wing re-roof project), and environmental consulting services.
 - Contracts/Encumbrances:
 - \$1,060,085 Contracts presented for approval to the board FY 16/17 – FY 17/18 (see “Contracts” below for details)
 - \$1,451,384 Per encumbrances FY 16/17 through FY 17/18

Project Scope, Cost, Schedule, and Contracts

- Non-Contracts/Expenses:
 - \$309,357 (of which \$230,000 was for bond issuance)
- Total Construction Costs:
 - Construction costs included A-wing re-roof project, remediation projects (both lead and asbestos), demolition and removal of portable classrooms project, and termination of electrical for the portable classrooms.
 - Contracts/Encumbrances:
 - \$613,710 Contracts presented for approval to the board FY 16/17 – FY 17/18 (see “Contracts” below for details)
 - \$824,827 Per encumbrances FY 16/17 through FY 17/18
 - Non-Contracts/Expenses:
 - \$0

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Project Scope, Cost, Schedule, and Contracts

Schedule: Target completion date (campus open): August 2020

- June 2016 – Issued Request for Qualifications for architectural services; received four (4) Statements of Qualifications
- July 2016 – Pre-qualification approval of Architectural Nexus and LPA for the design services
- February 2017 – Approve Cooperative Strategies Notice of Authorization for bond management services; Approve LPA architectural assessment services contract
- May 2017 – Approve LPA amendment for design services for the Modernization of Old Dixon High School project
- July 2017 – Approve LPA amendment for design services for the A-wing re-roofing project
- March 2018 – A-wing Re-roofing project Publication for Bid; Award Environmental Consultant Services Agreement with Dudek for environmental assessment and compliance services (including CEQA)
- May 2018 – Submitted permit documents for Department of State Architect (DSA) review; Award contract to Rua & Son Mechanical for the A-wing re-roofing project
- June 2018 – Award contract to Cal Inc. for demolition and removal of portable classrooms; Award contract to Country Bear Inc. for termination of electrical services (as part of the demolition and removal of portables classrooms project); Award contract to Optima Services Inc. for inspections services for the A-win re-roof project;
- July 2018 – Begin A-Wing Re-roof
- August 2018 – Completion of A-Wing Reroof
- November 2018 – Receive approved permit from DSA (tentative)
- February 2019 – Competitively bid project (tentative)

Contracts:

- Soft Costs (non-construction related costs):
 - \$85,800 = Cooperative Strategies for bond management services. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the*

Project Scope, Cost, Schedule, and Contracts

contract is based on the information provided to the DUSD Board as part of contract approval.

- \$39,700 = LPA for assessment of Old High School (original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$863,500 = LPA for Modernization of Old High School design services (an amendment to the original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$47,000 = LPA for A-wing re-roofing design services (an amendment to the original contract). *Contracts Review Subcommittee received the RFQ, SOQs, and contract as part of the solicitation. The District approved two (2) firms to provide design services as part of the bonds projects.*
- \$24,085 = Dudek for environmental consulting services (including CEQA). Work involves initial review and traffic study. Per board presentation on February 1, 2018, five (5) firms responded to Request for Proposals and four (4) firms were shortlisted for interview. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$3,400 = Optima Inspections Inc. (of Sacramento, CA) for DSA-certified inspection services for the A-wing re-roofing project. Per board presentation on June 7, 2018, solicitations for the services went out to the market, but District received no response. The District made 22 calls and received 2 interested firms to provide the services. The District requested for a not to exceed \$3,400 contract to be awarded to Optima Inspections Inc. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$14,651.83 = Aurora Environmental Services for the testing of all materials that are assumed to have asbestos containing building materials (ACBMs), including a hazardous

Project Scope, Cost, Schedule, and Contracts

materials survey report resulting from the tests. Per board presentation on June 7, 2018, District requested bids only from two (2) firms, which resulted with Aurora Environmental Services as the lowest responsible bidder. *Contracts subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*

- Construction Costs:

- \$559,192 = Rua & Son Mechanical (of Rocklin, CA) for the re-roofing of A-wing. Per board presentation on May 3, 2018, five (5) bids were received on April 13, 2018, which resulted in Rua & Son Mechanical as the lowest responsible bidder. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$50,268 = Cal Inc. (of Vacaville) for demolition and removal of 15 portables classrooms. Per board presentation on June 7, 2018, four (4) bids were received on April 13, 2018, which resulted with Cal Inc. as the lowest responsible bidder. *Contracts Review Subcommittee did not receive a copy of any bidding documentation. Review of the contract is based on the information provided to the DUSD Board as part of contract approval.*
- \$4,250 = Country Bear Inc. (of Dixon, CA) for the termination of electrical services as part of the demolition and removal of portable classrooms project. Bidding is not required since the contract amount is less than the \$45,000 limit (negotiated contract) under the CUPCCA (California Uniform Public Construction Cost Accounting Act). *Contracts Review Subcommittee did not receive a copy of the contract, but was able to access the contract on the District's Board meeting website (as part of contract approval).*

Project Scope, Cost, Schedule, and Contracts

Anderson Elementary School Project

Scope:

- Repair and renovate Anderson Elementary School

Cost (Bond Funding) - \$12.1 million:

- \$1,000,000 is included in the \$19,230,000 first issuance of the bond

Schedule:

- No activities to report.

Contracts:

- None.

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Project Scope, Cost, Schedule, and Contracts

Security/Safety and ADA Improvements Project

Scope:

- Improve Security/Safety and American with Disabilities Act (ADA) Compliance at District Schools
 - Gretchen Higgins Elementary School – Safety/Gate project
 - New gates to be operated manually by custodial staff. Fencing to match existing (8' high, iron fencing).

Cost (Bond Funding): \$3.1 million

- \$3,000,000 is included in the \$19,230,000 first issuance of the bond
- Gretchen Higgins Elementary School Safety/Gate project = construction cost estimate of \$175,000 - \$200,000

Schedule:

- March 2018 – District presented conceptual safety/gate (fencing) plan for Gretchen Higgins school.

Contracts:

- No activities to report.

Results of Financial and Performance Audits

Prior to the Committee accepting the audit reports the Committee requested that the School Board have the following additions and findings added to the audit reports:

- Financial Audit
 - Page 3 - Add footnote to explain fund source and description of the Asset item “Due from other funds” We agree that materiality is a consideration when footnotes are added to explain accounting entries; however, an explanation may add information for the reader that is of significance other than the dollar amount.
 - Page 4 - Add footnote to explain source and description of the Revenue item “Other local revenues” The reader may assume the source of this revenue is the interest received from the investment of idle bond funds. The footnote explanation or simply listing the source of the revenue as “Interest on bond fund balance” would eliminate any question or assumption.
- Performance Audit
 - **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 COC members. The selection of COC members could have taken place immediately after the election. Some Districts have established the COC 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.
 - **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: After reading the School Board Agenda for the February 1, 2018 meeting, a member of the CBOC obtained copies of the audit report, dated December 12, 2017.

Results of Financial and Performance Audits

- **The Committee also requested to be included on all correspondence regarding future Measure Q audits.**
- **The Committee recommended changes were not made to the audit reports.**

There were no material errors associated with the reported financial statements. In order to make the changes above, it would cost the District a large sum of money (perhaps \$10,000). There was no interest from the CBOC in asking the District to spend that time and resources. We were given the commitment from the school Board to have immediate access to all reports from the Audit firm when issued.

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Cost Savings Considerations & Methods

Cost Savings Considerations & Methods

- Energy grants (buy down HVAC and lighting replacement costs)
- Network (wired and wireless) funded through e-Rate
- Reuse existing building systems (where applicable)
- More efficient and cost-effective building systems
- Use of forced labor and DUSD Construction services (where possible)
- Consider different project delivery methods
- Architectural/Project Assessment prior to issuing contract

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Issues

Availability of Contract Information

The Contracts Review Subcommittee was formed to review contracts solicited and awarded by the District through competitive bidding, as appropriate. The subcommittee was unable to observe any contract selection process meetings nor received the supporting documentation. The subcommittee's oversight was limited to reviewing selective copies of awarded contracts and proposals provided by the District. This was very evident after receiving a copy of the expenditures report with encumbrances/contracts to companies CBOC have not been notified.

The District provided narrative information regarding certain contract selection process through presentations to the CBOC. The subcommittee continue to request for access to the solicitation documents and contracts, and make recommendations for the subcommittee to attend selection process meetings.

Website Organization and Content Improvements

The meeting agendas, minutes, attachments (part of the agenda), and other reports have not been uploaded (and these are considered "public documents") to the CBOC website. The Website Subcommittee is working with the District for the documents to be uploaded, organized, and improve the look of the website.

District vs CBOC Perceptions of the Role of the Committee

There has been difference in perceptions of the CBOC's roles between the District and CBOC. According to the District, they have the authority to approve/not approve the Bylaws of committee. But the committee is supposed to act independently from the District. **(need to add more...)**

Attachments

- Attachment A – First Interim Report: (Financial & Performance Audits for Fiscal Year ending 30 June 2017)

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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 1st 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.