

Citizens' Bond Oversight Committee

Measure D

2016-17 Annual

January 2018

I. Introduction

This is the 2016-17 Annual Report of the Citizens' Bond Oversight Committee (CBOC) for Measure D of the Natomas 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 in the District's Bond Construction Program.

II. History and Overview of the Citizens' Bond Oversight Committee(s)

On June 6, 2006, the Natomas Unified School District submitted for voter approval Measure D, a bond measure to authorize the sale of \$145.5 million in bonds to improve school facilities. 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 D passed with 62.0 percent.

Because Measure D passed pursuant to Proposition 39, the District was required to establish a citizens' oversight committee and to conduct two independent audits. The first audit is a financial audit similar to a District's annual financial audit. The second audit is a performance audit, which evaluates the effectiveness, economy and efficiencies of the bond facilities program.

III. Committee Membership

California Education Code, Sections 15278-15282 established the duties of a 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 for a term of two years without compensation and for no more than *three consecutive terms (amended Education Code Section 15282)*. 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 fourteen-member Citizens' Bond Oversight Committee was appointed by the Board in March 2006, to provide oversight of all bonds passed under Proposition 39, as required by law.

As of June 30, 2017 nine members served on the committee as shown in the table below:

	Committee Members	Business Community	Senior Citizens' Organization	Taxpayers' Organization	Parent of NUSD Student	Parent and PTO Member	Community Member At-Large	Date Appointed by Board of Trustees	Tax Measure Voting Rights
1	Allen, Hur-Khan				X	X		6/12/13	D
2	Kawada, David				X			6/12/13	D
3	Lopez, Anita				X			9/10/14	D
4	Mack, Margaret		X					6/12/13	D
5	McDonagh, Tom				X			4/11/11	M & D
6	Moreno, Robert			X				5/11/16	D
7	Pelczar, Nathaniel						X	9/10/14	D
8	Slay, Jennifer				X	X		4/13/10	M & D
9	Stern, Eric				X			6/12/13	D

Terms - Expiration Dates				
	FIRST	SECOND	THIRD	
1	Allen, Hur-Khan	March 2015	March 2017	March 2019
2	Kawada, David	March 2015	March 2017	March 2019
3	Lopez, Anita	March 2016	March 2018	March 2020
4	Mack, Margaret	March 2015	March 2017	March 2019
5	McDonagh, Tom	March 2014	March 2016	March 2018
6	Moreno, Robert	March 2018	March 2020	March 2022
7	Pelczar, Nathaniel	March 2016	March 2018	March 2020
8	Slay, Jennifer	March 2013	March 2015	March 2017
9	Stern, Eric	March 2015	March 2017	March 2019



All Committee members are appointed by the Board of Trustees and serve without compensation representing the following groups described in Section 15278 of the Education Code:

Business Community Representative	Vacant
Senior Citizens' Representative	M. Mack
Bona-fide Taxpayers' Representative	R. Moreno
Parent or Guardian of an Enrolled Student	H.K. Allen; D. Kawada; T. McDonagh; J. Slay; E. Stern
Parent or Guardian, Also Active in PTA	H.K. Allen; J. Slay
Community Member at Large	N. Pelczar

Natomas Unified School District staff and CBOC members continue their efforts to recruit a member to fill the business community representative vacancy.

IV. **CBOC Actions**

CBOC members actively investigate and prepare a post-construction review report on Measure D projects. Reports are prepared that include a summary of the project, a site inspection, and an inspection of District project records. These reports are presented to the District's Board of Trustees following review by the CBOC. The recent lifting of the building moratorium has again put the district on the path of physical facility expansion.

CBOC includes Standing Sub-Committees so as to better review cost-saving strategies and efforts by the district to achieve efficiencies. During 2015-16, Standing Sub-Committees were established for Annual Report, Audit, Finance, Charter Schools, Bannan Creek, Lighting/Security, Playgrounds/School Buses and Technology. Descriptions of subcommittee activities are general and not intended to limit scope of work. The purpose of the subcommittees and the subcommittees' findings are reviewed annually by the Measure D CBOC. No changes to the Sub-Committee structure was made during 2016-17.

Project audits were completed during 2016-17 for the following projects: D-203, 204, 205, 206: Security Fencing, Phases 1-4.

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 D 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 D; and to help the District improve its overall bond program.

The June 30, 2017 annual independent financial audit was conducted by Crowe Horwath. Their report, dated December 12, 2017, states that in their opinion the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Natomas Unified School District as of June 30, 2017, and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



The annual independent performance audit was conducted by Gilbert Associates, Inc.. Their report dated December 6, 2017 states that the results of their procedures indicated that, in all significant respects, Natomas Unified School District expended Measure D General Obligation Bond funds for the year ended June 30, 2017 only for the specific projects developed by the District's Board of Trustees and approved by the voters, 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, as required by law, exists, and the information that is posted includes committee member contact information, project photos & updates, CBOC meeting agendas and minutes, committee by-laws, and the date, time and location of the next meeting. Copies of the Bond Performance Audit from previous periods are also included, as well as an invitation and application for community members interested in becoming a member of the CBOC.

VII. Expenditures and Meetings

During the year ended June 30, 2017, the District made expenditures as shown on the attached end-of-the-year Measure D 2016-17 Financial Report.

The NUSD's Citizens' Bond Oversight Committee met on the following dates:

- August 22, 2016
- October 24, 2016
- January 23, 2017
- April 24, 2017

VIII. Conclusions

The Citizens' Bond Oversight Committee, based on its review of the annual financial and performance audit reports and information received at its meetings, finds:

The Natomas Unified School District is in compliance with the requirements of Article XIII A, Section I (b) (3) of the California Constitution.



Citizen's Bond Oversight Committee 2006 Measure "D" Financial Report

Re-Issued 2016-2017 Year End Report	Updated	10/10/2017
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Measure D Funding

Local Bond Fund 21 Resource 9357

Data as of 6/30/2017

Starting Balance	
Issue#1	\$60,000,000.00
Issue#2	\$54,999,998.95
Future Issuance	\$30,500,000.00
	\$145,499,998.95
Reduced does not include	
issuance #3 interest	\$7,594,488.00
Total Projected Funding	\$153,094,486.95

Total Measure D Allocation March 22, 2017	\$148,177,817.37
Unallocated Project Fund Balance	\$4,916,669.58

Measure D: Open Projects

Project Number	Description	March 22, 2017 Board Approved Allocation	Year to Date Spending	Total Project Expenditures	Encumbered	Project Balance
aa	Annual Independent Audit	\$233,780.00		\$123,765.00		\$110,015.00
bb	Cost of Issuance	\$1,355,068.41	\$0.00	\$1,327,746.33	\$0.00	\$27,322.08
cc	Bannon Creek Conversion	\$7,325,652.49	\$3,560,023.09	\$9,645,454.14	\$0.00	-\$2,319,801.65
232	Play Ground Improvements	\$1,504,665.50	\$347,102.71	\$1,111,544.21	\$0.00	\$393,121.29
hhh	Westlake Charter K-8 Campus	\$1,817,276.07	\$0.00	\$1,557,500.07	\$0.00	\$259,776.00
230	Project Management Measure D	\$1,161,091.50	\$430,992.50	\$957,842.46	\$0.00	\$203,249.04
ee	Internal Project Management	\$0.00	\$26,526.19		\$0.00	\$0.00
216	Paso Verde Site Acquisition & Land Use Fees	\$1,479,115.10	\$364,408.00	\$1,283,357.05	\$0.00	\$195,758.05
ggg	Security Systems	\$2,309,811.26		\$1,033,147.11		\$1,276,664.15
207D	Security Cameras	\$0.00	\$126,586.36	In Number Above	\$0.00	
	Security Fencing					\$0.00
205	Fencing Phase III	\$358,561.15	\$134,712.00	In Number Above	\$0.00	
206	Fencing Phase IV	\$0.00	\$191,237.50	In Number Above	\$0.00	
228	Security Fencing V	\$0.00	\$84,771.00	In Number Above	\$0.00	
225	Buses	\$250,000.00	\$112,759.09	\$112,759.09	\$0.00	\$137,240.91
	Total Open Projects	\$17,436,460.33	\$5,379,118.44	\$17,153,115.46	\$0.00	\$283,344.87

Measure D: Completed Projects

Project Number	Location	March 22, 2017 Board Approved Allocation	Year to Date Spending	Total Project Expenditures	Encumbered	Project Balance
a	Heron K-8 Conversion	\$1,638,009.63		\$1,638,009.63		\$0.00
b	H Allen Hight ES	\$8,723,172.35		\$8,723,172.35		\$0.00
c	H Allen Hight MS	\$11,181,968.36		\$11,181,968.36		\$0.00
d	Natomas Charter School Gym	\$2,469,891.70		\$2,469,891.70		\$0.00
e	Westlake Charter Site Relocation	\$1,769,895.16		\$1,769,895.16		\$0.00
f	2005 COP	\$62,915,193.76		\$62,915,193.76		\$0.00
g	NHS Athletic Field and Track	\$2,898,359.02		\$2,898,359.02		\$0.00
gg	NHS Alarm Systems	\$283,627.14	\$0.00	\$283,627.14	\$0.00	\$0.00
h	IHS Athletic	\$2,785,559.09		\$2,785,559.09		\$0.00
hh	Tech Refresh-computer/support infrastructure	\$6,046,284.52	\$0.00	\$6,046,284.52	\$0.00	\$0.00
i	Shade Structures	\$62,251.63		\$62,251.63		\$0.00
j	District Wide Wireless	\$396,329.92		\$396,329.92		\$0.00
jjj	Star Academy new Campus	\$1,100,000.00	\$0.00	\$1,100,000.00	\$0.00	\$0.00
k	Natomas Charter School Theater	\$328,735.00		\$328,735.00		\$0.00
l	Natomas Charter Portables	\$25,000.00		\$25,000.00		\$0.00
m	Safe Routes to School	\$714,749.57	\$0.00	\$714,749.57	\$0.00	\$0.00
n	Preschool Facilities	\$5,238.53		\$5,238.53		\$0.00
o	Northborough II	\$9,107.00		\$9,107.00		\$0.00
	Security Fencing			\$0.00		\$0.00
203	Fencing Phase I	\$152,115.00	\$0.00	\$152,115.00	\$0.00	\$0.00
204	Fencing Phase II	\$152,539.24	\$0.00	\$152,539.24	\$0.00	\$0.00
	Total Closed Projects	\$103,658,026.62	\$0.00	\$103,658,027	\$0	\$0

Moved to closed 04-10-17

Measure D: Future Projects

Project Number	Location	March 22, 2017 Board Approved Allocation	Year to Date Spending	Total Project Expenditures	Encumbered	Project Balance
ii	Yearly Independent Audit	\$24,000.00		\$0.00		\$24,000.00
	Cost of Issuance and Yearly FA					
jj	Fees	\$900,000.00		\$0.00		\$900,000.00
kk	Preschool Facilities	\$3,994,761.47		\$0.00		\$3,994,761.47
ll	School Conversions	\$21,914,568.95		\$0.00		\$21,914,568.95
mm	Buses and Service Vehicles	\$250,000.00		\$0.00		\$250,000.00
	Total Future Projects	\$27,083,330.42	\$0.00	\$0.00	\$0.00	\$27,083,330.42
Grand Totals		\$148,177,817.37	\$5,379,118.44	\$120,811,142	\$0	\$27,366,675