



## SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item # 10.3

**Meeting Date:** July 17, 2014

**Subject:** Bond Oversight Committee Annual Report

- ☒ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: \_\_\_\_\_)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

**Division:** Facilities Support Services

**Recommendation:** Board to receive the Bond Oversight Committee's annual report.

**Background/Rationale:**

Measure I was passed in 2002 for and authorized up to \$225 million in bond spending. The funds generated by this general obligation bond have gone into school construction, modernization, portable classroom replacement, technology upgrades, and heating and air conditioning installation.

The Bond Oversight Committee (BOC) is comprised of community members who are committed to improving the school facilities in which our children learn, and overseeing the District's fiscal oversight duty to the voters. Committee members serve two-year staggered terms.

The BOC oversees the District's expenditure of bond proceeds by reviewing expenditure reports produced by the District to ensure bond proceeds are expended only for the purpose set forth in the ballot measure and that no bond proceeds are used for any teacher or administrative salaries or other operating expenses. The committee works with an independent auditor, conducts research and conducts site visits to guarantee these duties are fulfilled.

The committee meets at least four times a year in its role as an advisory board to the Board of Education.

**Financial Considerations:** N/A

**Documents Attached:**

1. Executive Summary
2. Bond Oversight Committee Annual Report
3. Powerpoint Presentation

**Estimated Time of Presentation:** 15 minutes

**Submitted by:** Sara Noguchi, Ed.D., Interim Superintendent  
Cathy Allen, Assistant Superintendent  
Facilities Support Services

**Approved by:** Sara Noguchi, Ed.D., Interim Superintendent



### I. OVERVIEW / HISTORY

Proposition 39 General obligation bonds require the appointment of a Bond Oversight Committee (BOC). The BOC oversees the expenditure of money for the construction, repair, and modernization of schools by the District. The BOC communicates its finding to the Board and the public in order to ensure that school bond funds are invested as the voters intended and that projects are completed wisely and efficiently.

To guarantee this, the Committee works with an independent auditor and conducts research, surveys and site visits at the district and school site level. The BOC typically meets four times a year in its role as an advisory board to the school district trustees. During the meetings, the committee will listen to reports from staff and consultants summarize the status of projects in progress. At some point during the year, a financial audit and a performance audit will be presented for the Committee's review. Also once a year, the BOC Chair will make a year-end report to the Board of Trustees.

The members of the SCUSD Bond Oversight Committee were approved by the Board of Education on March 21, 2013.

### II. DRIVING GOVERNANCE

California Constitution (Article 13A)  
Education Codes 15264 - 15288  
Board Policy 7210

### III. BUDGET

N/A

### IV. GOALS, OBJECTIVES AND MEASURES

The Sacramento City Unified School District's Bond Oversight Committee is to inform the Board and the public regarding the expenditure of general obligation bond funds.

### V. MAJOR INITIATIVES

N/A

### VI. RESULTS

The Committee has prepared a report to the Board regarding expenditures from Measure I funds for the 2012-2013 fiscal year.

### VII. LESSONS LEARNED / NEXT STEPS

Board to receive report.

July 17, 2014

Members of the Board of Trustees  
Citizens & Administration of the District

Ladies & Gentlemen:

As Chair of the Bond Oversight Committee for the Sacramento City Unified School District, it is my privilege and pleasure to present, on behalf of the full committee, our annual report.

In accordance with Proposition 39, we exist to ensure that expenditures of the funds collected under the voter-approved bond measures I, Q & R are spent on the items and projects voters approved at the time of their vote. We are a committee dedicated to ensuring that the public trust is well kept and remains intact throughout the life of the bonds.

We are pleased to report that the expenditures of the previous fiscal year, after a full audit by an outside agency, are in compliance with all laws, regulations and accounting.

On behalf of the entire committee, thank you for this opportunity to serve our District and ensure that all is in full compliance with legal and ethical guidelines.

Respectfully,

Lawson Stuart, Chair  
Bond Oversight Committee  
Sacramento City Unified School District

## **MEASURE I BOND OVERSIGHT COMMITTEE ANNUAL REPORT - 2013**

### ***GENERAL OVERVIEW***

With the approval of Proposition 39, Article XIII A, Section 1[b](3) was amended to require all districts to "...conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects."

In this capacity, the Bond Oversight Committee has overseen the expenditures of Measure I, which was approved in 2002. It previously oversaw the expenditures of Measure E in conjunction with Measure I, and final expenditures and actions related to Measure E were reported in the previous annual report and the Measure E function of the BOC was completed. Similarly, with the presentation of this report, all final expenditures of Measure I will have been presented and this function of the BOC will cease.

The BOC has already transitioned to oversee the expenditures and carrying-out of Measures Q & R, which were approved by the voters in 2012. Part of this transition has included the writing and approval of bylaws to govern the Q & R BOC, the retention of members from the E & I BOC, and the appointment of new members to round the BOC out.

The BOC now consists of:

Lawson Stuart, BOC Chair & Parent of Children in the District  
Rachel Minnick, BOC Vice Chair & Parent of Children in the District  
Maria Haro-Sullivan, BOC Secretary & Parent of Children in the District  
Carol Daydova, Past BOC Chair & Representative of the Business Community  
Adolfo Mercado, Past BOC Vice Chair & Representative of the Business Community  
Alex Visaya, BOC Member & Representative of a Senior Citizen's Organization  
James Price, BOC Member & Active Member of a Taxpayer's Organization  
John Andrew, BOC Member & Parent of Children in the District  
Dave O'Toole, BOC Member & Parent of Children in the District  
Cesar Diaz, BOC Member & Parent of Children in the District

Our Support Staff are:

Cathy Allen, Assistant Superintendent- Facilities Support Services  
Jim Dobson, Director, Planning, Construction & Operations  
Elena Hankard, Administrative Assistant, Facilities Support Services  
Amari Watkins, Director II, Accounting Services

### ***ANNUAL AUDIT***

At the February 19, 2014 meeting of the BOC, Stephen Buckner (Representative of Crowe Horwath) presented the Measure I General Obligation Bonds Performance Audit to the BOC.

The findings of this audit were that all expenditures of funds from Measure I Bonds were in full compliance with the outlined purposes voters approved in 2002.

Specifically during the reporting period audited, expenditures totaling \$4,052,927 were reviewed and found in compliance.

This also was the final audit of the Measure I funds.

### ***CURRENT STATUS***

As previously mentioned, the BOC is now focused on its duties in regard to Measure Q & R. These bonds have already covered several projects throughout the District and provided repairs to many facilities.

The BOC met 3 times since the last Annual report, and have toured sites where projects were complete, in progress or in the planning stage.

### ***RECOMMENDATIONS***

Previously, it was recommended to the Board that Bond Steering Committee plans for expenditures be provided to the BOC through a “back-end” review. We have received these reports and find this recommendation to have been satisfied, with our gratitude.

It was also recommended that one of our members also be allowed to be a member of the Bond Steering Committee in order to provide reports to us on their meetings and activities. This was also provided.

We also wish to commend the provision of staff for our work and thank them for all they do to facilitate the continued efforts of the BOC.

As with previous reports, the BOC members were afforded the opportunity to present recommendations as a part of this one. These recommendations are:

- We recommend that a High School Student from the District be assigned to our Committee in order to balance out the representation of the District amongst our membership. Recognizing that the membership of Proposition 39 Bond Oversight Committees is dictated by Education Code, it is the Committee’s hope that a High School Student could be appointed as a non-voting member.
- With the implementation of the new construction cost accounting software program, e-Builder, the Committee recommends that District Staff report to us on a quarterly basis any Administrative Expenses, Consultant Fees, Leveraging of Bond Funds, and Joint-Use Facility Opportunities. Currently this level of detail is extremely difficult to access using the District’s current financial accounting system.

- We recommend that, if the Bond Steering Committee is continued for future program evaluation, there be opportunities for more interaction with the BOC. Recognizing the duties of a BOC Committee are predominantly “after the fact in nature”, we believe more interaction would provide for maximum transparency.

### ***SUMMARY***

The Bond Oversight Committee continues to fulfill its role as the source of accountability for the constituents of the District over the bond measures they approved, in compliment to the elected officials and staff overseeing the expenditures.

For more information, meeting minutes and other documents related to the BOC, please go to: [www.scusd.edu/bond-oversight-committee](http://www.scusd.edu/bond-oversight-committee)

# BOND OVERSIGHT COMMITTEE ANNUAL REPORT 2013

Board Meeting  
July 17, 2014  
Agenda Item 10.3

Presented by:  
Lawson Stuart, BOC Chair



# OVERVIEW

- Prop. 39, Article XIII A, Section 1[b](3)
  - “...conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.”
- Measure I- Since 2002 Approval
- Transitioned to Measures Q & R- Early 2013

# MEMBERSHIP

- Lawson Stuart, BOC Chair & Parent of Children in the District
- Rachel Minnick, BOC Vice Chair & Parent of Children in the District
- Maria Haro-Sullivan, Secretary & Parent of Children in the District
- Carol Davydova, Past BOC Chair & Representative of the Business Community
- Adolfo Mercado, Past BOC Vice Chair & Representative of the Business Community

# MEMBERSHIP

- Alex Visaya, BOC Member & Representative of a Senior Citizen's Organization
- James Price, BOC Member & Active Member of a Taxpayer's Organization
- John Andrew, BOC Member & Parent of Children in the District
- Dave O'Toole, BOC Member & Parent of Children in the District
- Cesar Diaz, BOC Member & Parent of Children in the District

# SUPPORT STAFF

- Cathy Allen, Assistant Superintendent, Facilities Support Services
- Jim Dobson, Director, Facilities Management & Operations
- Elena Hankard, Administrative Assistant, Facilities Support Services
- Amari Watkins, Director II, Accounting Services

# CURRENT STATUS

- Measures Q & R
- Bond Sales, Project Expenditures in Progress
- 3 Meetings Since Last Annual Report
- Multiple Site Tours

# PREVIOUS RECOMMENDATIONS

- Bond Steering Committee- “Back-end Review”
  - Provided
- Shared Member BSC-BOC
  - Provided
- Provision of District-BOC Support Staff
  - Provided

# RECOMMENDATIONS

- High School Student Member
- Reporting Requests
- Interaction with BSC

# SUMMARY

- BOC Functioning
- For more information, meeting minutes and other documents related to the BOC, please go to:  
[www.scusd.edu/bond-oversight-committee](http://www.scusd.edu/bond-oversight-committee)



# Questions