

Oak Park Citizens' Oversight Committee 2018 Measure S Annual Report May 2019

Summary

- The District's auditor reported that the District spent \$3,922,533 of Measure S bond funds on construction and modernization projects, include providing classrooms and labs for career and technology education classes, repairing or replacing facilities including roofs, plumbing, electrical and air conditioning systems; and upgrading instructional technology in classrooms during the *fiscal* year July 1, 2017 through June 30, 2018.
- The District's auditor found that the District's expenditures from, and accounting for, Measure S bond funds was in compliance with Generally Accepted Accounting Principles and the relevant statutes and regulations.
- The District reported to the Citizens' Oversight Committee that projected spending for Measure S bond funds on construction and modernization projects, include providing classrooms and labs for career and technology education classes, repairing or replacing facilities including roofs, plumbing, electrical and air conditioning systems; and upgrading instructional technology in classrooms during *calendar* year 2018 was \$5,284,897.
- The Citizens' Oversight Committee finds that the District's expenditures from Measure S bond funds was in compliance with the Measure S bond resolution project list included in the ballot measure passed by the voters.
- The Citizens' Oversight Committee finds that the District delivered good value to the taxpayers with regard to the costs and benefits of the projects funded by Measure S bond funds.
- The Citizens' Oversight Committee finds that there were no irregularities regarding the bond monies (bond issuance, expenditures, audits).

Background

On November 8, 2016 voters in the Oak Park Unified School District (the "District") authorized \$60,000,000 in general obligation bonds for school projects as listed in the 2016 bond resolution project list included in the ballot measure passed by the voters. Specific construction and modernization projects include providing classrooms and labs for career and technology education classes, repairing or replacing facilities including roofs, plumbing, electrical and air conditioning systems; and upgrading instructional technology in the classroom.

Measure S is also referred to as the "Facility Improvement, Technology and Equipment Bond". Measure S was approved by at least 55% of the voters of Oak Park pursuant to the provisions of the Strict Accountability in Local School Construction Bonds Act of 2000, codified under Sections 15264 et seq. of the Educational Code (Proposition 39). The Act required that the school district Board of Trustees (the "Board") appoint a Citizens' Oversight Committee (the "COC" or "Committee") after the successful bond election.

The COC is required by state law to actively review and report on the proper expenditure of the taxpayers' money. The COC provides oversight and advises the public whether the District is spending Measure S bond funds for improvements within the scope of projects outlined in the Measure S project list.

Committee Purpose

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The committee is charged by statute with the following purposes:

1. To promptly alert the public to any waste or improper expenditure of school construction bond money.
2. To inform the public concerning the expenditure of bond revenues.
3. To ensure that bond revenues are expended only for the purposes described in the California Constitution; that is, for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.
4. To ensure that no funds are used for any teacher or administrative salaries or other school operating expenses.

Committee Jurisdiction and Authorized Activities

In furtherance of its purposes, the Committee is authorized by statute to engage in the following activities:

1. Receive and review the annual independent performance audit required by the California Constitution.
2. Receive and review the annual independent financial audit required by the California Constitution.
3. Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
4. Review efforts by the District to maximize the impact of bond expenditures by implementing cost-saving measures, including, but not limited to, all of the following mechanisms:
 - a. Mechanisms designed to reduce the costs of professional fees.
 - b. Mechanisms designed to reduce the costs of site preparation.
 - c. Recommendations regarding the joint use of core facilities.
 - d. Mechanisms designed to reduce costs by incorporating efficiencies in school design.
 - e. Recommendations regarding the use of cost-effective and efficient reusable facility plans.

It is also important to note that the Committee does not perform certain functions such as: participate in the District's actual bond sale and issuance process nor participate in the bid process for contractors or consultants (Proposition 39 Roles and Responsibilities, III. I.). It is within these parameters that the Committee performed its functions during the period from January, 2019 through May, 2019.

Audits

Proposition 39 requires that the sponsoring school district of an approved measure conduct an annual independent performance audit to ensure that the bond funds have been expended only on

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the specific projects included on the list of projects the district was required to provide when Measure S was presented to the voters.

Proposition 39 also requires that the school district conduct an annual independent financial audit of the proceeds from the sales of the bonds until all the proceeds have been expended for the school facilities projects.

The annual audits of OPUSD Measure S bond expenditures for the fiscal year ended June 30, 2018 were conducted by Christy White Accountancy Corporation (CWA), an independent auditing firm. The report is dated January 4, 2019. CWA tested approximately \$2.1 million or 55% of the 2017-18 expenditures included payments made to contractors, consultants and other vendors for "validity, allow-ability and accuracy". CWA reported that they found the expenditures and transactions tested to be in compliance with the terms of the Measure S Ballot measure, the facilities master plan, and applicable state laws and regulations without exception.

Additionally, CWA performed testing on contract and bid procedures. For the fiscal year ended June 30, 2018, all project projects, purchases, and acquisitions for Bond Measure S were found compliant with applicable law.

Note that the Committee is reporting on calendar year 2018, of which only the period Jan 1, 2018–June 30, 2018 is addressed in the CWA audit report. The Committee relied on unaudited district financial statements for the period July 1, 2018–December 31, 2018 in fulfilling its oversight obligations.

Committee Activities

In order to fulfill the committee's purpose as described above, the OPCOC engaged in the following activities:

- The Oak Park Unified School District's Citizens' Oversight Committee met on January 28, 2019, February 25, 2019, March 25, 2019, and April 29, 2019.
- The committee members met with CWA to review the audit findings for the fiscal year ending June 30, 2018. Both the financial audit and the performance audit were reviewed.
- To understand the expenditures for the unaudited period from July 1, 2018 to December 31, 2018 the committee reviewed Bond Proceeds and Expenditures through December 31, 2018.

Citizens' Oversight Committee Findings

1. The OPCOC did not find instances of waste or improper expenditures.
2. The Committee found no instances of expenditures other than for the purposes set forth in the bond measure.
3. The District reported that projected spending for Measure S bond funds during *calendar year* 2018 was \$5,284,897. This included concept and design for upcoming classroom replacements, extensive kitchen remodel and required ADA compliance (including adjacent

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bathroom and locker room) at MCMS, Salary/Compensation for Director of Education Technology and Information Systems, Salary/Compensation for Bond Construction Manager and Secretary.

As of December 31, 2018, the total inception to date expenditures for Measure S were \$13,862,147. Of this amount, bond-related administrative and construction management salaries and benefits were \$659,643 or 4.7% of total expenses, and total construction management fees were \$1,262,128 or 9.1%.

On December 31, 2018 the fund balance for Measure S was \$18,167,011. It is expected that these funds will be expended in accordance with the Board-approved Measure S Master Plan.

Respectfully submitted,
OAK PARK CITIZENS' OVERSIGHT COMMITTEE
Grant Meikle, Committee Chair

Citizens' Bond Oversight Committee Members

Ty Avendano
Audrey Israel
Grant Meikle
Durga Naga Lakshmi Kosaraju
Michael Schneider
Marc Shapiro
Bing Xu Liu

Oak Park Citizens' Oversight Committee 2018 Measure R Annual Report May 2019

Summary

- The District's auditor reported that the District spent \$774,582 of Measure R bond funds on facilities acquisition and maintenance during the *fiscal* year July 1, 2017 through June 30, 2018.
- The District's auditor found that the District's expenditures from, and accounting for, Measure R bond funds was in compliance with Generally Accepted Accounting Principles and the relevant statutes and regulations.
- The District reported to the Citizens' Oversight Committee that projected spending for Measure R bond funds on facilities acquisition and maintenance during *calendar* year 2018 was \$610,170.
- The Citizens' Oversight Committee finds that the District's expenditures from Measure R bond funds was in compliance with Measure R.
- The Citizens' Oversight Committee finds that the District delivered good value to the taxpayers with regard to the costs and benefits of the projects funded by Measure R bond funds.
- The Citizens' Oversight Committee finds that there were no irregularities regarding the bond monies (bond issuance, expenditures, audits).

Background

On November 4, 2008 voters in the Oak Park Unified School District (the "District") authorized \$29,445,000 in general obligation bonds for school projects as listed in the 2008 Bond Resolution Project List (included in the ballot measure passed by the voters). Specific construction and modernization projects include repairing, renovating and improving aging facilities; repairing water damage and failing roofs; removing hazardous materials; making schools earthquake safe; replacing outdated fire and security systems; and improving classrooms to meet modern safety and instructional standards.

Measure R is also referred to as the "School Improvement Bond of 2008". Measure R was approved by at least 55% of the voters of Oak Park pursuant to the provisions of the Strict Accountability in Local School Construction Bonds Act of 2000, codified under Sections

15264 et seq. of the Educational Code (Proposition 39). The Act required that the school district Board of Trustees (the "Board") appoint a Citizens' Oversight Committee (the "COC" or "Committee") after the successful bond election.

The COC is required by state law to actively review and report on the proper expenditure of the taxpayers' money. The COC provides oversight and advises the public whether the District is spending the Measure R bond funds for school improvements within the scope of projects outlined in the Measure R project list.

Committee Purpose

The committee is charged by statute with the following purposes:

1. To promptly alert the public to any waste or improper expenditure of school construction bond money.
2. To inform the public concerning the expenditure of bond revenues.
3. To ensure that bond revenues are expended only for the purposes described in the California Constitution; that is, for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities.
4. To ensure that no funds are used for any teacher or administrative salaries or other school operating expenses.

Committee Jurisdiction and Authorized Activities

In furtherance of its purposes, The Committee is authorized by statute to engage in the following activities:

1. Receive and review the annual independent performance audit required by the California Constitution.
2. Receive and review the annual independent financial audit required by the California Constitution.
3. Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
4. Review efforts by the District to maximize the impact of bond expenditures by implementing cost-saving measures, including, but not limited to, all of the following mechanisms:
 - a. Mechanisms designed to reduce the costs of professional fees.
 - b. Mechanisms designed to reduce the costs of site preparation.
 - c. Recommendations regarding the joint use of core facilities.
 - d. Mechanisms designed to reduce costs by incorporating efficiencies in school design.
 - e. Recommendations regarding the use of cost-effective and efficient reusable facility plans.

It is also important to note that the Committee does not perform certain functions such as: participate in the District's actual bond sale and issuance process nor participate in the bid process for contractors or consultants (Proposition 39 Roles and Responsibilities, III. I.). It is within these parameters that the Committee performed its functions during the period from August, 2017 through May, 2018.

Audits

Proposition 39 requires that the sponsoring school district of an approved measure conduct an annual independent performance audit to ensure that the bond funds have been expended only on the specific projects included on the list of projects the district was required to provide when Measure R was presented to the voters.

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Proposition 39 also requires that the school district conduct an annual independent financial audit of the proceeds from the sales of the bonds until all the proceeds have been expended for the school facilities projects.

The annual audits of OPUSD Measure R bond expenditures for the fiscal year ended June 30, 2018 were conducted by Christy White Accountancy Corporation (CWA), an independent auditing firm. CWA tested approximately \$439,793 or 57% of the 2017-2018 expenditures included payments made to contractors, consultants and other vendors for "validity, allowability and accuracy". CWA reported that they found the expenditures and transactions tested to be in compliance with the terms of the Measure R Ballot measure, the facilities master plan, and applicable state laws and regulations without exception.

Note that the Committee is reporting on calendar year 2018, of which only the period Jan 1, 2018–June 30, 2018 is addressed in the CWA audit reports. The Committee relied on unaudited district financial statements for the period July 1, 2018–December 31, 2018 in fulfilling its oversight obligations.

Committee Activities

In order to fulfill the committee's purpose as described above, the OPCOC engaged in the following activities:

- The Oak Park Unified School District's Citizens' Oversight Committee met on January 28, 2019 and February 25, 2019, March 25, 2019 and April 29, 2019.
- The committee members met with CWA to review the audit findings for the fiscal year ending June 30, 2018. Both the financial audit and the performance audit were reviewed.
- To understand the expenditures for the unaudited period from July 1, 2018 to December 31, 2018 the committee reviewed Bond Proceeds and Expenditures through December 31, 2018.

Committee Findings

1. The OPCOC did not find instances of waste or improper expenditures.
2. The Committee found no instances of expenditures other than for the purposes set forth in the bond measure.
3. According to the most recent version of the Measure R master plan, total projected expenditures during calendar 2018 totaled to approximately \$610,170. The majority of the work in 2018 centered around performing arts improvements, JV softball field, AM/PM building and OPIS roof.

As of December 31, 2018, the total inception to date expenditures for Measure R was \$29,924,825.

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On December 31, 2018 the remaining fund balance for Measure R was \$17,133.34. The balance will not be rolled into Measure S but rather expended via Measure R. It is expected that these funds will be expended by December 31, 2019.

Respectfully submitted,
OAK PARK CITIZENS' OVERSIGHT COMMITTEE
Grant Meikle, Committee Chair

Citizens' Bond Oversight Committee Members

Ty Avendano
Audrey Israel
Grant Meikle
Durga Naga Lakshmi Kosaraju
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Bing Xu Liu
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Oak Park Citizens' Oversight Committee 2018 Measure C-6 Annual Report May, 2019

Background

On June 6, 2006, the Oak Park Unified School District (the "District") was authorized to issue and sell bonds up to \$17,500,000 in aggregate principal to provide financing for the following school facilities projects and equipment:

- Educational technology;
- Classroom furniture and equipment;
- Playground equipment;
- District vehicles;
- Food preparation and kitchen equipment;
- Equipment replacement

Measure C6 was approved by at least 55% of the voters of the District pursuant to the provisions of the Strict Accountability in Local School Construction Bonds Act of 2000, codified under Sections 15264 et seq. of the Education Code (Proposition 39). The Act requires the Board of Trustees (the "Board") to appoint a Citizens' Oversight Committee (the "Committee") after the successful bond election. Legal authority for formation and duties of the Committee is found in Sections 15264 and 15278 to 15282 of the Education Code.

Committee Purpose

The Committee is charged by statute with the following purposes:

1. To promptly alert the public to any waste or improper expenditure of school construction bond money. *Educ. Code §15264(c)*;
2. To inform the public concerning the expenditure of bond revenues. *Educ. Code §15278(b)*;
3. To ensure that bond revenues are expended only for the purposes described in the Constitution; that is, for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities. *Calif. Const. art. XIII A, §1(b)(3)*; *Educ. Code §15278(b)(1)*;
4. To ensure that no funds are used for any teacher or administrative salaries or other school operating expenses. *Calif. Const. art. XIII A, §1(b)(3)(A)*; *Educ. Code §15278(b)(2)*.

Committee Jurisdiction and Authorized Activities

In furtherance of its purposes, the Committee is authorized by statute to engage in the following activities:

1. Receive and review copies of the annual, independent **performance** audit required by the California Constitution;
2. Receive and review copies of the annual, independent **financial** audit required by the California Constitution;

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3. Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution;
4. Review efforts by the District to maximize bond revenues by implementing cost saving measures, including, but not limited to, all of the following:
 - a. Mechanisms designed to reduce the costs of professional fees;
 - b. Mechanisms designed to reduce the cost of site preparation;
 - c. Recommendations regarding the joint use of core facilities;
 - d. Mechanisms designed to reduce costs by incorporating efficiencies in school site design;
 - e. Recommendations regarding the use of cost-effective and efficient reusable facility plans.

It is also important to note that this Committee is specifically not responsible for, and has no jurisdiction over, the approval of contracts, the approval of change orders, the appropriation of funds, the handling of any legal matters, the approval of any plans or schedules, the approval of deferred maintenance plans, or the approval of the sale of bonds. The Committee is also not responsible for the creation or approval of technology plans or the recommendation or approval of any specific technologies.

It is within these parameters that the Committee performed its functions during the calendar year ended December 31, 2018.

Audits

California State law requires that the sponsoring school district of an approved measure conduct an annual independent **performance** audit to ensure that bond funds have been expended only on the specific projects included on the list of projects the district presented to voters prior to approval of Measure C6.

Proposition 39 requires that the school district conduct an annual independent **financial audit** of the proceeds from the sale of the bonds until all of the proceeds have been expended for approved projects.

The annual financial and performance audits of OPUSD Measure C6 bond expenditures were conducted by Christy White Associates, A Professional Accountancy Corporation, an independent CPA firm. In the firm's report of the audits, they note: "We found the expenditures and transfers tested to be in compliance with the terms of the Measure C6 ballot measure, Facilities Plan, and applicable state laws and regulations without exception."

The annual fiscal audit of OPUSD Measure C6 bond expenditures for 2017 – 2018 ending June 30, 2018 was conducted by Christy White Accountancy Corporation (CWA), an independent auditing firm. The report is dated January 4, 2018. CWA tested \$529,708 of non-personnel expenses or 46% of the 2017-2018 expenditures for "validity, allowability and accuracy". CWA reported that they

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found the expenditures and transactions tested to be in compliance with the terms of the Measure C6 Ballot measure, facilities plan and applicable state laws and regulations without exception.

Special note: The Committee report includes expenditures from July 2017 through June 2018 (school fiscal year basis – subject of the independent auditor's report).

Committee Findings

The Oak Park Unified School District's Citizens' Oversight Committee met on January 28, 2019, February 25, 2019, March 25, 2019 and April 29, 2019. The Committee has reviewed the audits of C6 bond expenditures conducted by Christy White Associates for the Fiscal Year ended on June 30, 2018 as well as unaudited expenditures through January 31, 2018. This report and more information regarding the Citizens' Oversight Committee can be found on the Oak Park School District's website (www.oakparkusd.org). C6 expenditures during the fiscal year ending June 30th, 2018 reporting period were \$1,141,443. Cumulative C6 bond expenditures from inception through June 30, 2018 total \$18,714,533.

The Committee finds and notes the following:

1. From July 1, 2017 to June 30, 2018 the Bond Proceeds appear to have been expended for the purposes set forth in Measure C6.
2. The committee would like to acknowledge additional revenues shown during this period related to rebates, programs or discounts on eligible products (i.e. wireless classrooms and network switches) displayed a proactive approach to save money.

On June 30, 2018 the remaining fund balance for Measure C6 was \$5,071. It is expected that these funds will be expended by June 30, 2019.

Respectfully submitted,
OAK PARK CITIZENS' OVERSIGHT COMMITTEE
Grant Meikle, Committee Chair

Citizens' Bond Oversight Committee Members

Ty Avendano
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