



Measure L Citizens' Bond Oversight Committee Meeting

COMMITTEE MEMBER PACKET

March 20, 2019

6:30 pm – 7:30 pm

LOCATION:

Morrill Middle School – FIS Room

1970 Morrill Avenue, San Jose, CA 95132

Measure L Citizens Oversight Committee Meeting

Berryessa Union School District

March 20, 2019, Wednesday, 6:30 PM – 7:30 PM

Location: Morrill Middle School, 1970 Morrill Ave., San Jose, CA 95132

Agenda

- | | |
|--|-----------------|
| 1- Call to order | Marty |
| a. Roll call | |
| Marty Michaels – Chair | |
| Amy Chen – Vice Chair | |
| Adrienne O’Leary | |
| Frank Cancilla | |
| Susan Fowle | |
| b. Adoption of agenda | All |
| c. Approval of December 12, 2018 meeting minutes | All |
| 2- Public comments | |
| 3- Reports | |
| a. Measure L external audit report | Nigro and Nigro |
| b. Measure L annual report | Marty |
| c. Measure L project update and financial report | Tony |
| 4- Old business | |
| Future meeting date – June 19, 2019 | Marty |
| 5- New business | All |
| 6- Adjournment | Marty |

UNADOPTED

**Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132**

Measure L Citizens’ Oversight Committee Meeting
Berryessa Union School District Office – Board Room
December 12, 2018
6:30 p.m. – 7:30 p.m.

REGULAR MEETING MINUTES

Members Present: Marty Michaels, Chair
Amy Chen, Vice Chair
Adrienne O’Leary
Frank Cancilla
Susan Fowle

District Staff Present: Tony Kanastab, Director of Bond Facilities and
Modernization
Pam Lee, Budget Bond Accountant

1. Call to Order

Minutes

Mr. Marty Michaels called the meeting to order at 6:38 p.m.

a. Roll Call -

Minutes

All present.

b. Adoption of Agenda

Minutes

Motion to approve by Frank Cancilla, 2nd by Ms. Fowle & Ms. Chen. All in favor.

c. Approval of the September 19, 2018, CBOC Meeting Minutes

Minutes

Motion to approve by Mr. Cancilla, 2nd by Ms. Fowle. All in favor.

2. Public Comments

Minutes

No public is present. Mr. Michael's stated that unfortunately, Mr. Lomanoco was not able to attend the meeting; however, he stated that Mr. Lomanoco is interested in requesting to show the BUSD's Central Kitchen to potential catering clients, which will give the District additional revenues.

3. Reports

a. Measure L Project Update

Minutes

Mr. Kanastab presented the updated report to the committee, starting with the picture of Brooktree's new FIS room. He added that there are about 320 LED lights on the ceiling, 90 are blinkers, which replicated the stars in the sky.

- Vinci Park ES FIS – Mr. Kanastab stated that Phase 2, Exterior Work is complete, and they will be doing the Punch list. He added that the final gate will be installed on Monday.
- Piedmont Middle School – FIS – Mr. Kanastab said that they are doing the Punch list as well for this FIS. He stated that they just installed the 90" TV. He added that this TV was bent but was still in working condition, so they installed it so that the staff and students can use it until the manufacturer sends the replacement.
- Piedmont Middle School – Parking – Mr. Kanastab stated that they received 3 bids and the low bidder is 43% less than what the bid received last year and the District is saving about half a million dollars. He added that the recommendation of the award is on the January 15, 2019 Board Meeting, and construction is scheduled to start June 2019. Mr. Michaels asked what are they paving, and Mr. Kanastab replied that the project is to enlarge the parking area, which includes the dirt area on the south end of the parking lot and add parking at the northwest end of the parking lot (presently grass). He added that they will be adding 18 full parking spots.

Mr. Michaels also asked if some work can be done during Spring Break. Mr. Kanastab replied that we might do so miscellaneous work over spring break, but the main work has to be done in the summer. He said that the contractor is scheduled to start on June 10th and is scheduled to be completed by August 2nd. Ms. Chen asked if there's a way or a structure that the District can provide/build to stop the cars from making a left turn

at the drop-off; and Mr. Kanastab answered that unfortunately, the City would probably not approve it.

- Ruskin Elementary School – FIS – Mr. Kanastab stated that the FIS is done, and they are doing the Punch list. He said that there are 2 things that the contractor is fixing – 1st the waterfall panels where the glue is visible and 2nd the Marine Room, which might be too dark, so they are doing a light test.
- Brooktree Elementary School– FIS – Mr. Kanastab said that they are also doing the Punch list. He also said that there are some issues that the contractor is fixing such as, the mural and the ceiling panels have to be reinstalled because it was 1” short.
- Cherrywood Elementary – FIS – Mr. Kanastab said that they received 3 bids on November 29; however, all bids were over budget. He said the budget is 1.9 M, but the lowest bid was at 2.5M. He added that they will meet with the lowest bidder to see why the cost is too high. He added that the FIS will have a limited use elevator and the contractor will be working on “swing-shift” schedule (after-school hours). Ms. O’ Leary asked if every school site have the same standard FIS budget, and Mr. Kanastab said yes, but some school sites have add-on due to different circumstances, such as the elevator and HVAC unit for Cherrywood making it a little bit more complicated and costly. Ms. Chen asked if all the FIS are done in time, and Mr. Kanastab responded that they do most of the time. Ms. O’Leary also asked (regarding Cherrywood FIS) if that was the only room/location where they could put the FIS at, and Mr. Kanastab said that it made sense using that space since it was not being utilized.
- Toyon Elementary School – FIS – Mr. Kanastab stated that they received 7 bids last October 31st, and they are all within budget. He added that the recommendation of the award was on November 13th Board meeting. He said that construction will start December 2018 and is estimated to be completed on March/April 2019.
- Morrill Middle School – Mr. Kanastab said that they are finishing the punch list for this project. He said that the Audio/Video (A/V) system will be installed tomorrow (12/13/2018). Lastly, he added that they will be configuring the Library over the winter break.
- Northwood Elementary School – Portable Relocation – Mr. Kanastab said that this project is not under Bond. He stated that DSA approval requires the District to add a driveway approach and vehicle gate at the southwest corner of the site. He also added that the architect is working with the City of San Jose on the required permits. He said that the work should be

completed by January. He further explained that the portables will be moved from Sierramont to Northwood due to enrollment growth. Mr. Michaels asked instead of moving portables to the schools; why doesn't the District move the students to other schools that are not full. Mr. Kanastab answered that the District had diverted some students already, but it would be the District's decision if they want to move more students in other schools sites. Ms. Chen also asked how much is portable, and Mr. Kanastab answered that a new one will cost about 100K for the building, but he added that were a few portables that were not being used at Sierramont and so the District only needed to paid for the relocation and set up of the portables (building pad, power, fire alarm, PA, and data).

After the report was presented, Mr. Kanastab showed the committee the following pictures:

- Ruskin – FIS – He showed the committee the finished FIS, stating that the theme for this is deserts, mountains, & waters
- Piedmont – FIS – The picture showed the main room with writable walls. Ms. Chen asked what the ceiling dome was for, and Mr. Kanastab replied that it was more for visual design.
- Brooktree – FIS – Mr. Kanastab stated that the theme for this FIS is ocean & the Santa Clara County. He added that the ceiling has LED lights that look like stars in the sky.
- Morrill – FIS – Mr. Kanastab showed the columns that they are installing. He said that the theme for this FIS is “Greek.”

Finally, Mr. Kanastab presented to the committee the Program schedule that shows that Vinci Park, Ruskin, Piedmont, Morrill, & Brooktree are almost complete. He also mentioned that Toyon is expected to be completed on March/April, while Cherrywood will be completed in August.

b. Measure L Financial Report

Minutes

Mr. Kanastab presented the Measure L 1st Quarter Report from 07/01/2018-09/30/2018 showing that as of the end of the quarter the District has spent about \$2.2 M of the budget. Ms. Chen asked regarding the high cost of Hazardous Material Inspection/Abatement, and Mr. Kanastab replied that in some cases they have been finding more areas to be tested such as what happened to Toyon & Morrill. Mr. Kanastab also showed the committee the Bond Report per location and explained that this budget was based on the 2017/2018 Estimated Actuals that is why we have a \$725,659 difference. He said that this will be corrected once 1st

Interim Budget has been approved and the budgets have been loaded in the system. He also added that it is almost 4M on contingency. Mr. Michaels asked what the District plan for the contingency monies. Mr. Kanastab said that the list would likely include replacing cafeteria tables, security cameras, cattle gates at school parking lots, library shelving, HVAC upgrades, fencing & security gates/doors. Mr. Cancilla asked if the District will solicit input from schools regarding what they need, and Mr. Kanastab said that he does plan to communicate with school staffs and principals.

4. Old Business

- a. Committee membership - extension

Minutes

Mr. Michaels reiterated that since some of the member's terms have expired already – they all agreed to continue to serve in the committee as long as the District is continuously posting and is actively recruiting for new members to help.

- b. Future committee meeting dates

Minutes

Mr. Michaels reviewed with the committee the future dates which were March 20, & June 19, 2019. He added that he does not have meeting dates after June yet since he is waiting for the next year's Board Meeting schedule. He said that once he has it, he will update the committee with the future meeting dates as well.

5. New Business

Minutes

Mr. Michaels told the committee that he plans to present the next Annual Report to the Board on the 26th of February. He also asked that the committee send him inputs that he can utilize in the report. He also requested to the District Audit report, so that he will be able to use it as well on his Annual Report. Ms. Lee explained to him that per Ms. Nguyen, Fiscal Director, the Audit report will be available after December 15, 2018.

Ms. Chen also followed-up on the “Matching Funds” from the state, and Mr. Kanastab replied, that unfortunately, we have no new information regarding these funds as of this date.

6. Adjournment

Minutes

Motion to adjourn by Mr. Michaels at 7:47 pm, 2nd by Mr. Cancilla. All in favor.

**MEASURE "L" GENERAL OBLIGATION
BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2018**



**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

For the Fiscal Year Ended June 30, 2018

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Financial Section

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

*Introduction and Citizens' Oversight Committee Member Listing
June 30, 2018*

Berryessa Union School District (the District) consists of three middle schools and ten elementary schools supported by a District Office and an operations center. The District serves over 7,100 students.

On November 4, 2014, the voters of the Berryessa Union School District approved by more than 55% Measure "L", authorizing the issuance and sale of \$77.0 million of general obligation bonds. The bonds were authorized to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay costs of issuance of the bonds.

The passage of Proposition 39 in November, 2000, amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond Proposition pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Bond Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Bond Oversight Committee was comprised of the following members as of June 30, 2018.

<u>Name</u>	<u>Title</u>	<u>Representation</u>
Martin Michaels	Chair	Senior Citizen Group Representative
Amy Chen	Vice-Chair	At-Large Community Member
Susan Fowle	Member	At-Large Community Member
Frank Cancilla	Member	Business Representative
Adrienne O'Leary	Member	Parent/ Guardian of Child in District
Vacant	Member	Taxpayer Organization Member
Vacant	Member	Parent/ Guardian of Child in District - Active in Parent Teacher Organization



INDEPENDENT AUDITORS' REPORT

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure "L" General Obligation Bond Building Fund of Berryessa Union School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "L" General Obligation Bond Building Fund of Berryessa Union School District, as of June 30, 2018, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure "L" General Obligation Bond Building Fund and do not purport to, and do not, present fairly the financial position of the Berryessa Union School District, as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
December 10, 2018

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

*Balance Sheet
June 30, 2018*

	<u>Measure "L"</u>
ASSETS	
Cash	\$ 26,740,920
Accounts receivable	<u>119,566</u>
Total Assets	<u><u>\$ 26,860,486</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 1,716,079
Due to other funds	<u>1,978</u>
Total Liabilities	1,718,057
 Fund Balance	
Restricted for capital projects	<u>25,142,429</u>
Total Liabilities and Fund Balance	<u><u>\$ 26,860,486</u></u>

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

*Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2018*

	<u>Measure "L"</u>
REVENUES	
Interest earnings	\$ 452,809
Other local revenue	<u>748</u>
Total Revenues	<u>453,557</u>
EXPENDITURES	
Current:	
Plant Services:	
Classified salaries	98,714
Benefits	40,030
Materials and supplies	116,609
Services and other operating expenditures	443,838
Capital Outlay	<u>10,627,934</u>
Total Expenditures	<u>11,327,125</u>
Net Change in Fund Balance	(10,873,568)
Fund Balance, July 1, 2017	<u>36,015,997</u>
Fund Balance, June 30, 2018	<u><u>\$ 25,142,429</u></u>

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On November 4, 2014, the District voters authorized \$77.0 million in General Obligation Bonds (Measure "L") for the purpose of financing the modernization and construction of school facilities within the District. The measure required a minimum 55% vote for passage. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens' Bond Oversight Committee, was established. The Committee's oversight goals include ensuring compliance with conditions of Measure "L".

The Bond proceeds are accounted for in the District's Building Fund (21.0), where they are expended for the approved projects. The statements presented are for the individual Measure "L" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

B. Basis of Accounting

The Measure "L" General Obligation Bond Building Fund is a governmental fund reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2018

NOTE 2 – CASH

Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its cash from the bond proceeds in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized – Investments in the Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2018

NOTE 3 – ACCOUNTS RECEIVABLE

The total accounts receivable at June 30, 2018, in the amount of \$119,566 represents amounts due from the Santa Clara County Treasurer for interest earnings for the quarter ended June 30, 2018.

NOTE 4 – MEASURE "L" GENERAL OBLIGATION BONDS

Series A

On March 12, 2015, the District issued \$40,000,000 of Series A Election of 2014 General Obligation Bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The County records the collection of taxes and payments of bond principal and interest in a separate fund, which is not reported here. The bonds were issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay costs of issuance of the bonds.

The bonds were issued as: Current Interest Serial Bonds of \$22,750,000 with stated interest rates ranging between 3.125% and 5.0% and fully maturing on August 1, 2039, Current Interest Term Bonds of \$4,700,000, \$4,900,000, and \$7,650,000 each with stated interest rates of 3.5% due August 1, 2038, 2041, and 2044, respectively. At June 30, 2018, the outstanding principal balance of the bonds was \$37,650,000.

Series B

On May 1, 2017, the District issued \$37,000,000 of Series B Election of 2014 General Obligation Bonds. The bonds are general obligations of the District. The County is obligated to levy ad valorem taxes upon all property within the District for the payment of interest on and principal of the bonds. The County records the collection of taxes and payments of bond principal and interest in a separate fund, which is not reported here. The bonds were issued to repair, upgrade, acquire, construct, and equip certain District property and facilities and to pay costs of issuance of the bonds.

The bonds were issued as: Current Interest Serial Bonds of \$17,750,000 with stated interest rates ranging between 3.125% and 5.0% and fully maturing on August 1, 2036, Current Interest Term Bonds of \$7,480,000 and \$11,770,000 with stated interest rates of 5.0% and 4.0%, respectively, due August 1, 2040 and 2044, respectively. At June 30, 2018, the outstanding principal balance of the bonds was \$37,000,000.

The outstanding Measure "L" general obligation bonds are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
2014A	2/26/2014	8/1/2044	3.125%-5.0%	\$ 40,000,000	\$ 39,000,000	\$ -	\$ 1,350,000	\$ 37,650,000
2014B	5/1/2017	8/1/2044	3.125%-5.0%	37,000,000	37,000,000	-	-	37,000,000
					<u>\$ 76,000,000</u>	<u>\$ -</u>	<u>\$ 1,350,000</u>	<u>\$ 74,650,000</u>

**MEASURE "L" GENERAL OBLIGATION BOND BUILDING FUND OF
BERRYESSA UNION SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2018

NOTE 4 – MEASURE "L" GENERAL OBLIGATION BONDS (continued)

The requirements to amortize outstanding general obligation bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-2019	\$ 1,485,000	\$ 3,015,763	\$ 4,500,763
2019-2020	1,470,000	2,986,363	4,456,363
2020-2021	335,000	2,950,263	3,285,263
2021-2022	535,000	2,930,187	3,465,187
2022-2023	705,000	2,899,187	3,604,187
2023-2028	6,660,000	13,690,062	20,350,062
2028-2033	11,635,000	11,468,625	23,103,625
2033-2038	16,770,000	8,655,056	25,425,056
2038-2043	23,480,000	4,594,175	28,074,175
2043-2045	11,575,000	443,825	12,018,825
Total	<u>\$ 74,650,000</u>	<u>\$ 53,633,506</u>	<u>\$ 128,283,506</u>

NOTE 5 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2018, consisted of the following:

Building Fund due to General Fund for expenditure reimbursements	<u>\$ 1,978</u>
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NOTE 6 – CONSTRUCTION COMMITMENTS

At June 30, 2018, the District had commitments with respect to unfinished capital projects of approximately \$6.5 million to be paid from local funds.

NOTE 7 – OVERSIGHT COMMITTEE

Education Code Section 15282(a) states that the Citizens' Oversight Committee must consist of at least seven members and must be comprised of the following members: one member shall be active in a business organization representing the business community located within the district, one member shall be active in a senior citizens' organization, one member shall be active in a bona fide taxpayers' organization, one member shall be the parent or guardian of a child enrolled in the district, and one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or school site council. The Citizens' Oversight Committee currently has only five members and no one from a bona fide taxpayers' organization and a member who is both a parent/guardian of a child enrolled in the District and active in a parent-teacher organization.

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure "L" General Obligation Bond Building Fund of Berryessa Union School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Berryessa Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Berryessa Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berryessa Union School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Berryessa Union School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in blue ink that reads "Nigro + Nigro, PC".

Murrieta, California
December 10, 2018



INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Trustees and the
Citizens' Bond Oversight Committee
Berryessa Union School District
San Jose, California

We have examined the Berryessa Union School District's (the "District") compliance with the performance requirements for the Proposition 39 Measure "L" General Obligation Bond for the fiscal year ended June 30, 2018, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Berryessa Union School District Building Fund (21.0) are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "L".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Bond Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2017 to June 30, 2018. The expenditures tested included all object and project codes associated with the bond projects. Expenditures incurred subsequent to June 30, 2018, were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2018, for the Measure "L" General Obligation Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure "L" with regards to the approved bond projects list. We performed the following procedures:

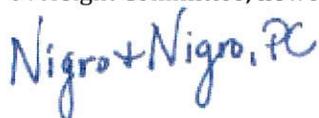
To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$5.8 million (51.4%) in bond fund invoices paid, which is a combination of 2017-18 expenditures and payments on liabilities accrued as of June 30, 2018, and paid in 2018-19. This includes testing payments for validity, allowability, and accuracy. Expenditures sampled in our test included payments made to subcontractors and other vendors.
- We reviewed the approved project listing as set out in the Measure "L" election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2018, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We visited construction sites at Majestic Way Elementary, Laneview Elementary, and Vinci Park Elementary schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund (21.0) were expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund (21.0) were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "L" General Obligation Bond proceeds listed and tested above.

This report is intended for the information of the Board of Trustees, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.



Murrieta, California
December 10, 2018

Berryessa Union School District (BUSD)
Citizen's Bond Oversight Committee (CBOC)
For Construction Bond Measure L

Annual Report to the Board of Trustees of BUSD, March 12, 2019

SUMMARY

The Measure L projects are winding down with projects in 6 schools remaining to be completed. The construction and financial aspects of Measure L continue to be well managed. The current construction schedule is expected to be completed by mid-August 2019 and should result in underspending the \$77M budget by \$2.5M to \$3.0M.

What do we mean by '*well managed*'?

- 1- Effective leadership. We have a competent Bond Director who effectively manages the big picture as well as the individual details and cost of each design/construction project.
- 2- A good plan. Not cast in stone, the plan is modified as required as unforeseen circumstances arise, keeping our schedule, construction quality, and budget always in mind.
- 3- A rigorous review process. This takes place with the Bond Director 1-2 times per month at the BUSD board meetings, quarterly at each CBOC meeting, and on an as needed basis with the Deputy Superintendent.

OVERSIGHT COMMITTEE MEMBERSHIP ISSUE

The CBOC continues to function with five members which, according to our bond council, is compliant with Proposition 39 as long as our two vacancies continue to be advertised. This is done through our monthly District's newsletter.

OVERSIGHT COMMITTEE MEETINGS

The CBOC has met quarterly twelve times since its inception in 2015. The primary presentation and discussion topics have been the detailed design/construction completion plan and financial budget compliance. The District's management has been cooperative with the CBOC in all respects, with identified issues resolved or in process of being resolved. The Deputy Superintendent and Bond Director, or their representatives, have actively participated in our meetings. The meetings have been held at the various school sites within the District so the committee member may view the construction progress and completion first hand.

THE ENVIRONMENT

The planning/construction environment in Santa Clara County continues to be constrained by a shortage of skilled labor and rising costs. This directly impacted the paving project at Piedmont. Also, project approvals by the Division of State Architect (DSA) are mostly, but not always, predictable. This impacted the elevator replacement project at Cherrywood.

CONTROLS AND EXTERNAL AUDIT

The CBOC has also reviewed the results of the annual external financial audit of Measure L. There were no deficiencies or weaknesses of financial reporting noted by the auditor. The CBOC was pleased to see that a significant number (51.4%) of the Measure L paid invoices were successfully audited, which strongly suggests that the BUSD is getting what it paid for. Also, all purchase orders and purchase order changes are presented for review and approval at each BUSD Board meeting.

FUTURE

The CBOC would like to see:

- 1- A spending plan and schedule for the expected \$2.5M to \$3.0M budget underspending.
- 2- An apples-to-apples cost comparison for the pre and post solar implementation project.
- 3- An assessment of how well the completed FIS projects have been perceived by both teachers and students. This should also include current school utilization data for each completed FIS.
- 4- A strategy to more fully staff the CBOC for future bond measures to avoid having to scramble for quorums for each quarterly meeting.

SUMMARY

The Measure L program is complex, with multiple elements occurring at the same time. There were scheduling and cost issues as the projects progressed. However, BUSD Measure L management has effectively addressed those issues. The CBOC continues to have confidence in the BUSD management’s ability to address any future issues properly and in a timely manner which will result in the success of the Measure L Bond Program.

Marty Michaels

Frank Cancilla

Amy Chen

Adrienne O’Leary

Susan Fowle

Citizens Bond Oversight Committee

March 20, 2019



Measure L – Overview

- Project Updates
- Program Schedule Review

Measure L – Project Updates

- **Ruskin Elementary School - FIS**
 - Flexible Instructional Space – Punch List
- **Brooktree Elementary School - FIS**
 - Flexible Instructional Space - Punch List
- **Cherrywood Elementary School - FIS**
 - In progress:
 - Demolition
 - Elevator shaft foundations
 - Rough framing

Measure L – Project Updates

- **Toyon Elementary School - FIS**
 - Complete:
 - Site concrete
 - Installation of drywall
 - Installation of ceiling framing/repair
 - In progress:
 - Finish Carpentry
 - Painting
 - Doors/Hardware/Glazing
 - Casework
 - Sliding Marker boards
 - Mechanical/Plumbing/Electrical finish trim

Measure L – Project Updates



Cherrywood FIS – Kitchen Area - February

Measure L – Project Updates



Cherrywood FIS – Kitchen Area - March

Measure L – Project Updates



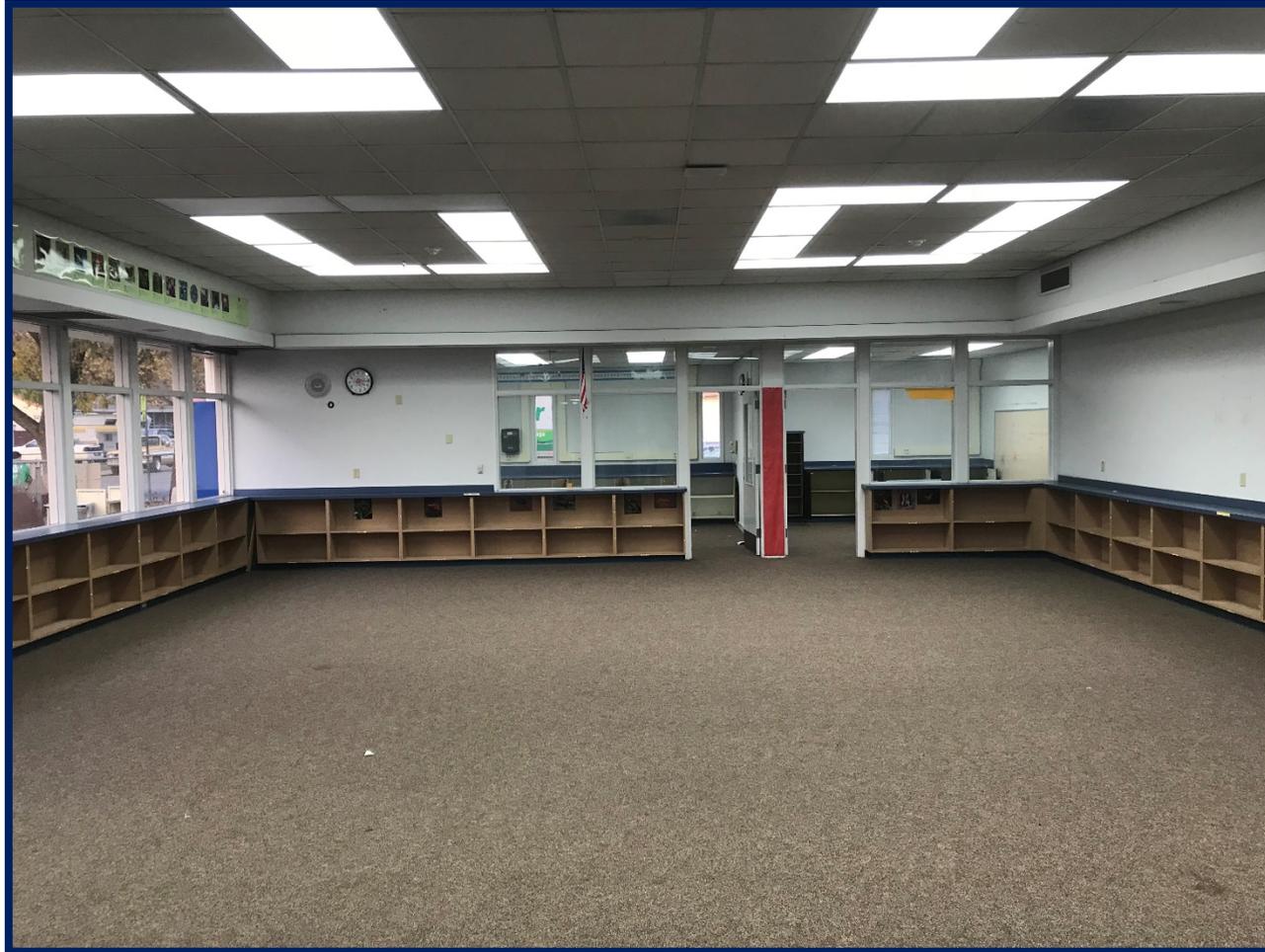
Cherrywood FIS – Looking Up at FIS -February

Measure L – Project Updates



Cherrywood FIS – Looking Up at FIS - March

Measure L – Project Updates



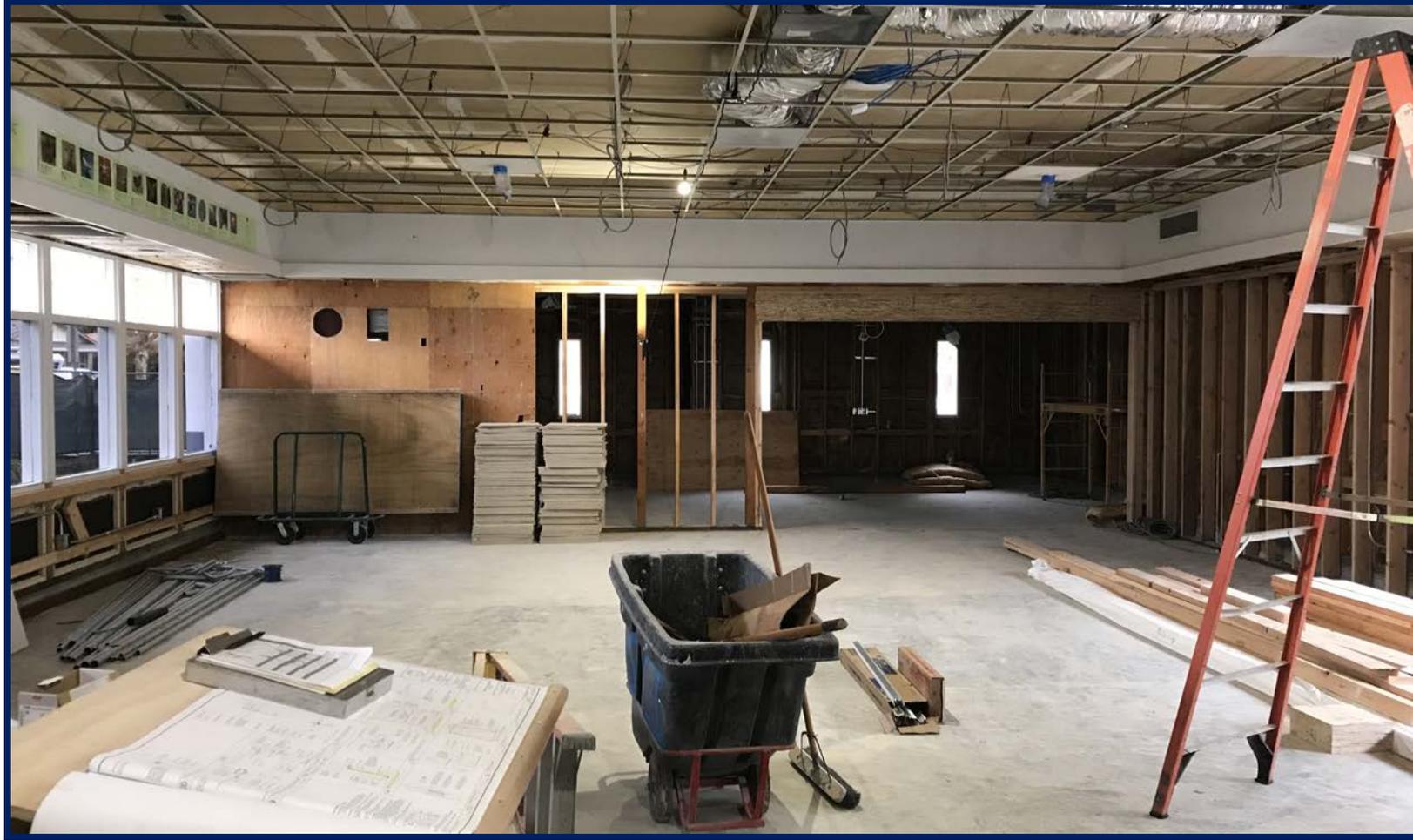
Toyon FIS – Looking East - December

Measure L – Project Updates



Toyon FIS – Looking East - January

Measure L – Project Updates



Toyon FIS – Looking East - February

Measure L – Project Updates



Toyon FIS – Looking East - March

Measure L – Project Updates



Toyon FIS – Looking West - December

Measure L – Project Updates



Toyon FIS – Looking West - January

Measure L – Project Updates



Toyon FIS – Looking West - February

Measure L – Project Updates



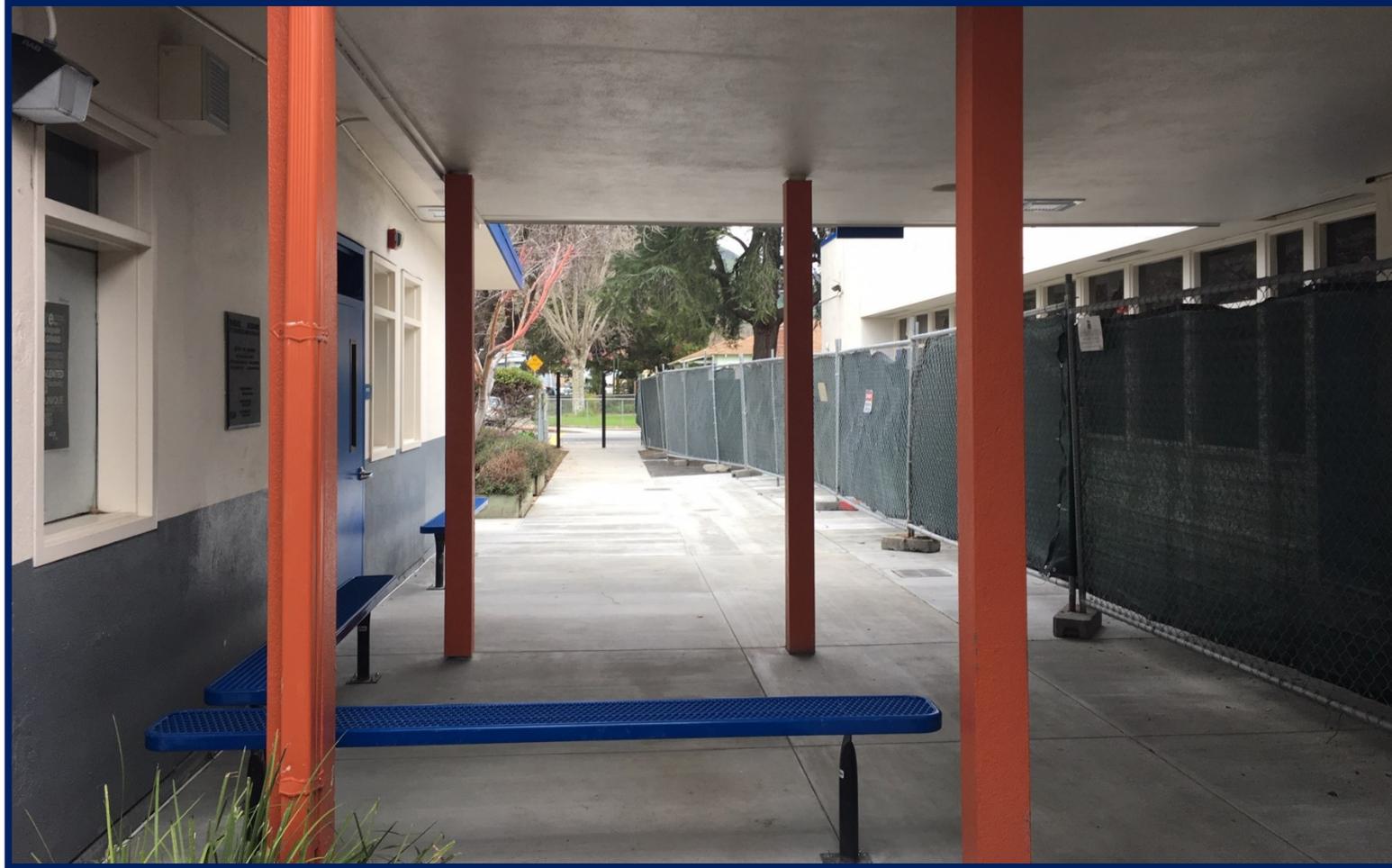
Toyon FIS – Looking West - March

Measure L – Project Updates



Toyon – Site Work Before

Measure L – Project Updates



Toyon – Site Work After

Measure L – Project Updates



Morrill - FIS

Measure L – Project Updates



Morrill - FIS

Measure L – Project Updates



Ruskin - FIS

Measure L – Project Updates



Ruskin - FIS

Measure L – Project Updates



Piedmont - FIS

Measure L – Project Updates



Piedmont - FIS

Measure L – Project Updates



Piedmont - FIS

Measure L – Project Updates



Brooktree – FIS

Measure L – Project Updates



Brooktree – FIS

Measure L – Project Updates



Brooktree – FIS

Measure L – Program Schedule

		Construction Legend					Furniture Legend																									
		Design	Preconstruction	Furniture Design	Furniture Ordered																											
		DSA Review	Construction	Quote Pricing	Lead Time																											
		Bid	Start of School	PO Generated	Furniture Received and Placed																											
		Award	Punch List																													
Construction Projects																																
2019																																
		March		April		May			June		July		August		September		October		November													
		Week		Week		Week			Week		Week		Week		Week		Week		Week													
		1	2	3	4	5	1	2	3	4	1	2	3	4	5	1	2	3	4	1	2	3	4	1	2	3	4	5	1	2	3	4
Ruskin																																
FIS																																
Piedmont																																
Parking Improvements																																
Brooktree																																
FIS																																
Cherrywood																																
FIS/Modernization																																
Toyon																																
FIS																																
Furniture Projects																																
FIS Furniture - BT/RK/VP/MM/PM																																
FIS Furniture - Toyon																																
FIS Furniture - Cherrywood																																

A photograph of a schoolyard. On the left, a chain-link fence is partially covered by a dark grey tarp. A concrete walkway leads from the foreground towards a building in the background. The building has a blue roofline and a blue door. To the right of the walkway, there are two black vertical posts, some green plants, and a large tree with a thick trunk. The sky is overcast. The text "Thank You" is overlaid in the center of the image in a white, sans-serif font.

Thank You

Project Budget
 BERRYESSA UNION SCHOOL DISTRICT
 MEASURE L BOND
 2018-2019 1st Quarter Report
 07/01/2017-12/30/2018
 Cost Control Summary

SUMMARY

Description	Adopted Budget 1/21/2015 (1)	2018-2019 Operating Budget 12/31/2018	Total Expended to Date 12/31/2018	Balance
HARD CONSTRUCTION COSTS				
Construction	50,671,230	13,224,950	3,687,904	9,537,046
Construction Contingency	4,839,623	1,115,955	-	1,115,955
Sub-Total Hard Costs	55,510,853	14,340,905	3,687,904	10,653,001
Furniture, Fixtures & Equipment	-	1,633,853	1,252,391	381,462
Total Hard Costs	55,510,853	15,974,758	4,940,295	11,034,463
SOFT CONSTRUCTION COSTS				
Architectural & Engineering				
Architectural & Engineering	4,886,579	849,310	208,836	640,474
Architectural & Engineering Reimbursable	222,090	100,059	124	99,935
Specialty Consultants				
Engineering Studies / Surveys	65,000	750	-	750
Kitchen Consultant (Included in Aes)	50,000	-	-	-
Geotechnical Study/Inspection/Report	52,000	-	-	-
Hazardous Material Consulting	-	81,650	63,055	18,595
CEQA (Included in Testing)	31,000	-	-	-
Energy Consultant	-	-	-	-
Technology Consultant	80,000	-	-	-
Construction Management				
Construction Management	2,873,822	537,184	126,719	410,465
Reimbursable	131,237	49,764	-	49,764
Plan Check & Permit Fees				
Assesment Fees (DSA Included)	393,496	49,725	11,636	38,089
CDE Fee	-	-	-	-
Other Permit & Plan Check Fees	50,000	3,782	-	3,782
Utilities Fee	150,000	-	-	-
Document Reproduction				
Plan Document Reproduction & Printing	80,000	10,890	1,587	9,303
Advertisement	12,000	4,060	749	3,311
Testing & Inspection				
DSA Project Inspector (IOR)	830,195	209,283	84,325	124,958
Material Testing & Inspection (CEQA Included)	166,469	53,318	7,199	46,119
Geotechnical Inspection	70,750	37,650	4,082	33,568
Hazardous Material Inspection/Abatement	-	-	-	-
Other Expenses				
State Funding Consultant	-	-	-	-
Community Relations Consultant	-	-	-	-
Planning	-	15,764	-	15,764
Miscellaneous	50,000	6,000	-	6,000
Soft Cost Contingency	319,046	27,652	-	27,652
Solar Contingency	-	-	-	-
Kitchen Contingency	-	-	-	-
Sub-Total Softs Costs	10,513,684	2,036,841	508,311	1,528,530
OTHER PROJECT COSTS				
District Staff Costs	-	-	-	-
Interim Housing	-	-	-	-
Moving (Pack/Unpacking/Movers,Storage)	1,060,000	186,084	176,951	9,133
Furniture, Fixtures & Equipment	5,684,000	-	-	-
Equipment and Non-Capital Equipment(Technology)	-	1,802,396	253,214	1,549,182
Other Costs Planning	27,500	-	-	-
Other Operating/Misc Expense	-	-	-	-
Sub-Total Other Project Costs	6,771,500	1,988,480	430,165	1,558,315

Project Budget
 BERRYESSA UNION SCHOOL DISTRICT
 MEASURE L BOND
 2018-2019 1st Quarter Report
 07/01/2017-12/30/2018
 Cost Control Summary

SUMMARY

Description	Adopted Budget	2018-2019 Operating Budget	Total Expended to Date	Balance
PROGRAM COSTS				
Administration				
District Staff Cost/Program Management Costs	1,375,000	689,136	140,381	548,755
Legal Fees	125,000	38,955		38,955
				-
Special Consultants				
Mater Plan Costs	150,000			-
Hazardous Material Consulting	40,000			-
Geotechnical Report	50,000			-
Roofing Consultant	-			-
Design Guidelines, Standard Specifications	30,000			-
				-
Program Support Costs				
Printing, Supplies & Reimbursables	65,000	16,942	614	16,328
Office Equipment/Equip Maintenance	25,000	6,639	643	5,996
Interim Housing	125,000			-
Seminars/Training	10,000	2,985		2,985
Audit Expense	5,000	8,250	3,250	5,000
				-
Public Relations and Contractor Outreach				
Public Relations/Communications	75,000			-
Public Bid Advertising	15,000	359	359	0
				-
Bond Costs				
Bond Counsel Advisor	170,000			-
Bond Underwriter	470,000			-
Other Issuance Costs	30,000			-
Disclosure Counsel	40,000			-
Financial Advisor	90,000			-
Election Costs	60,000	-		-
Other Operating Expenses	-			-
				-
Program Contingency				
Program Cost Contingency	88,500	663,878	-	663,878
Total Program Costs	3,038,500	1,427,144	145,247	1,281,897
Overall Bond Reserve	1,165,463	3,815,207		3,815,207
	77,000,000	25,242,430	6,024,017	19,218,413

Berryessa Union School District Bond Measure L – 2014 through December 31, 2018

2018-2019 2nd Quarter Report

3. Percentage of Total

Description	Proposed Budget	Current Budget	Budget Variances	Expenses as of 09/30/2018	Balance	Percentage of Total Cost
Brooktree Elementary School	\$ 2,775,715	\$ 2,616,488	\$ (159,227)	\$ 1,970,471	\$ 646,017	3.40%
Cherrywood Elementary School	\$ 2,641,308	\$ 2,582,594	\$ (58,714)	\$ 1,066,455	\$ 1,516,139	3.35%
Laneview Elementary School	\$ 2,625,057	\$ 2,359,963	\$ (265,094)	\$ 2,220,349	\$ 139,614	3.06%
Majestic Way Elementary	\$ 2,576,170	\$ 2,283,113	\$ (293,057)	\$ 2,146,434	\$ 136,679	2.97%
Noble Elementary School	\$ 2,739,415	\$ 2,320,884	\$ (418,531)	\$ 2,250,557	\$ 70,327	3.01%
Northwood Elementary School	\$ 3,016,300	\$ 2,530,108	\$ (486,192)	\$ 2,456,490	\$ 73,618	3.29%
Ruskin Elementary School	\$ 2,697,784	\$ 2,624,896	\$ (72,888)	\$ 1,700,508	\$ 924,388	3.41%
Summerdale Elementary School	\$ 2,976,998	\$ 2,906,651	\$ (70,347)	\$ 2,906,651	\$ (0)	3.77%
Toyon Elementary School	\$ 2,731,914	\$ 2,702,384	\$ (29,530)	\$ 1,156,937	\$ 1,545,447	3.51%
Vinci Park Elementary School	\$ 2,801,993	\$ 2,850,596	\$ 48,603	\$ 2,583,790	\$ 266,807	3.70%
Morrill Middle School	\$ 4,849,363	\$ 4,331,365	\$ (517,998)	\$ 3,467,866	\$ 863,499	5.63%
Piedmont Middle School	\$ 4,214,915	\$ 4,679,917	\$ 465,002	\$ 1,925,942	\$ 2,753,975	6.08%
Sierramont Middle School	\$ 5,949,291	\$ 5,431,060	\$ (518,231)	\$ 5,406,061	\$ 24,999	7.05%
Energy Conservation Project	\$ 10,836,279	\$ 9,652,758	\$ (1,183,521)	\$ 9,652,759	\$ (1)	12.54%
Central Kitchen	\$ 5,971,020	\$ 5,954,028	\$ (16,992)	\$ 5,947,250	\$ 6,778	7.73%
District Office- Main	\$ 2,154,423	\$ 3,337,944	\$ 1,183,521	\$ 143,081	\$ 3,194,863	4.33%
Technology - Wireless/Infrastructure	\$ 2,349,611	\$ 3,028,938	\$ 679,327	\$ 3,018,018	\$ 10,920	3.93%
Technology - Classroom	\$ 3,191,980	\$ 2,967,634	\$ (224,346)	\$ 1,417,848	\$ 1,549,786	3.85%
District - Wide Program	\$ 5,696,500	\$ 6,026,887	\$ 330,387	\$ 5,629,432	\$ 397,455	7.83%
Bond Contingency	\$ 3,038,500	\$ 3,038,500	\$ -	\$ 1,756,605	\$ 1,281,895	3.95%
	\$ 1,165,464	\$ 2,773,292	\$ 1,607,828	\$ -	\$ 2,773,292	3.60%
Total Program Cost	\$ 77,000,000	\$ 77,000,000	\$ -	\$ 58,823,503	\$ 18,176,497	100%
Interest***		\$ 1,041,916	\$ 1,041,916		\$ 1,041,916	
Total Program Cost with Interest	\$ 77,000,000	\$ 78,041,916	\$ 1,041,916	\$ 58,823,503	\$ 19,218,413	

Total Bond Contingency as of September 30, 2018

\$ 3,815,207

**BERRYESSA UNION SCHOOL DISTRICT
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
BYLAWS**

Section 1. Committee Established. The Berryessa Union School District (the "District") was successful at the election conducted on November 4, 2014 (the "Election") in obtaining authorization from the District's voters to issue up to \$77,000,000 aggregate principal amount of the District's school facilities bond ("Measure L"). The Election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is now obligated to establish an Independent Citizens' Bond Oversight Committee in order to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Berryessa Union School District (the "Board") hereby establishes the Independent Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have legal capacity independent from the District.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee's purposes, as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Election are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under Measure L. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee's review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform only the duties set forth in Sections 3.1, 3.2, and 3.3 hereof, and shall refrain from those activities set forth in Sections 3.4 and 3.5.

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the public shall come from the Chair acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.

3.2 **Review Expenditures.** The Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in Measure L; and (b) no bond proceeds were used for teacher or administrative salaries or other operating expenses in compliance with Attorney General Opinion 04-110, issued on November 9, 2004.

3.3 **Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following:

- (a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Superintendent. Either the Board or the Superintendent, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (i) Review and approval of contracts,
- (ii) Review and approval of change orders,
- (iii) Expenditures of bond funds,
- (iv) Handling of all legal matters,
- (v) Approval of project plans and schedules,
- (vi) Approval of all deferred maintenance plans, and
- (vii) Approval of the sale of bonds.

3.5 Measure L Projects Only. In recognition of the fact that the Committee is charged with reviewing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for:

(a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property without bond proceeds shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects, which shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soils engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) which shall be determined by the Board in its sole discretion.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry out the activities set forth in Prop 39 and included herein.

(g) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its function under Prop 39.

Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive copies of the District's annual, independent performance audit and annual, independent financial audit required by Prop 39 (Article XIII A of the California Constitution) (together, the "Audits") at the same time said Audits are submitted to the District, and review the Audits.

(b) Inspect District facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Superintendent.

(c) Review copies of deferred maintenance plans developed by the District.

(d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

(e) Receive from the Board, within three months of the District receiving the Audits, responses to any and all findings, recommendations, and concerns addressed in the Audits, and review said responses.

Section 5. Membership.

5.1 Number.

The Committee shall consist of at least seven (7) members appointed by the Board from a list of candidates submitting written applications, and based on criteria established by Prop 39, to wit:

- One (1) member shall be the parent or guardian of a child enrolled in the District.
- One (1) member shall be both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization, such as the P.T.A. or a school site council.
- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizens' organization.
- One (1) member active in a bona-fide taxpayers association.
- Two (2) members of the community at-large.

5.2 Qualification Standards.

- (a) To be a qualified person, he or she must be at least 18 years of age.
- (b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest.

(a) Members of the Committee are not subject to the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete Form 700; but each member shall comply with the Committee Ethics Policy attached as “Attachment A” to these Bylaws.

(b) Pursuant to Section 35233 of the Education Code, the prohibitions contained in Article 4 (commencing with Section 1090) of Division 4 of Title 1 of the Government Code (“Article 4”) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code (“Article 4.7”) are applicable to members of the Committee. Accordingly:

- (i) Members of the Committee shall not be financially interested in any contract made by them in their official capacities or by the Committee, nor shall they be purchasers at any sale or vendors at any purchase made by them in their official capacity, all as prohibited by Article 4; and

- (ii) Members of the Committee shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to duties as a member of the Committee or with the duties, functions, or responsibilities of the Committee or the District. A member of the Committee shall not perform any work, service, or counsel for compensation where any part of his or her efforts will be subject to approval by any other officer, employee, board, or commission of the District’s Board of Trustees, except as permitted under Article 4.7.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, commencing as of the date of appointment by the Board. No member may serve more than three (3) consecutive terms. At the Committee’s first meeting, members will draw lots or otherwise select a minimum of two members to serve for an initial one (1) year term and the remaining members for an initial two (2) year term. Members whose terms have expired may continue to serve on the Committee until a successor has been appointed. Terms commence on the date or number is appointed to the Committee by the Board of Trustees.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) the District will advertise in the local newspapers, on its website, and in other customary forums, as well as solicit appropriate local groups for applications; (b) the Superintendent will review the applications; and (c) the Superintendent will make recommendations to the Board.

5.6 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two consecutive Committee meetings without reasonable excuse or for

failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee. The Board shall seek to fill vacancies within 90 days of the date of occurrence of a vacancy.

5.7 Compensation. The Committee members shall not be compensated for their services.

5.8 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District; (b) individual members of the Committee retain the right to address the Board, either on behalf of the Committee or as an individual; (c) the Committee shall not establish sub-committees for any purpose; and (d) the Committee shall have the right to request and receive copies of any public records relating to Measure L funded projects.

Section 6. Meetings of the Committee

6.1 Regular Meetings. The Committee shall meet at least once a year, but shall not meet more frequently than quarterly.

6.2 Location. All meetings shall be held within the boundaries of the Berryessa Union School District, located in Santa Clara County, California.

6.3 Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business of the Committee.

Section 7. District Support

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the *Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation, translation and copies of any documentary meeting materials, such as agendas and reports; and

(d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend Committee proceedings in order to report on the status of projects and the expenditure of bond proceeds.

Section 8. Reports. In addition to the Annual Report required in Section 3.3, the Committee may report to the Board from time to time in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Superintendent shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent. The Chair and Vice-Chair shall serve in such capacities for a term of one year and may be re-elected by vote of a majority of the members of the Committee.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the Board.

Section 11. Termination. The Committee shall automatically terminate and disband concurrently with the Committee's submission of the final Annual Report which reflects the final accounting of the expenditure of all Measure L monies.

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for Committee members in carrying out their responsibilities. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

POLICY

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds, or (2) any construction project which will benefit the Committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.

- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.

- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Berryessa Union School District.

- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interest of the member.