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Educational Excellence,
Integrity, and Community

FORTUNA UNION HIGH SCHOOL DISTRICT CITIZENS' BOND OVERSIGHT COMMITTEE

4:30 PM Open Session

FHS Room C 4/5

379 Twelfth Street, Fortuna, CA 95540

Committee Meeting March 5, 2015 AGENDA

1.0 Opening Ceremony – Meeting of the Citizens' Bond Oversight Committee – 4:30 PM

1.1 Call to Order

1.2 Welcome by Chair: Trina Pockett

Vice-Chair: Dave Reed

Members: Joy Crotty, Erin Dunn, Doug Edgmon, John Prevost and Dave Settle

2.0 Approval of February 5, 2014 Meeting Minutes

3.0 Items for Report, Discussion, and Possible Action

3.1 Report and Discussion of Bond Projects PowerPoint – Report by Glen Senestraro

3.2 Report, Discussion and Possible Action to review the Citizen's Oversight Committee By Laws and Ralph M. Brown Act requirements – Report by Glen Senestraro

3.3 Report, Discussion and Possible Action to review bond expenditures – Report by Corey Weber

3.4 Report, Discussion and Possible Action to accept the request of a list of questions and items for discussion from a committee member – Report by Glen Senestraro

3.5 Report, Discussion and Possible Action to review the Bond Performance Audit – Report by Corey Weber

4.0 Adjournment

In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Superintendent's Office at (707) 725-4461 or district@fuhsdistrict.org. Notification by Friday noon preceding the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Written materials distributed to the FUHSD Board of Education within 72 hours of the Board meeting are available for public inspection immediately upon distribution at the Superintendent's Office 379 Twelfth Street, Fortuna, CA 95540.

NOTICE: Any writing, not exempt from public disclosure under Government code Section 6253.5, 6256, 6254.3, 6254.7, 6254.15, 6254.16, or 6254.22, which is distributed to all or a majority of the members of the governing board by any person in connection with a matter subject to discussion or consideration at an open regular meeting of the board is available for public inspection at the Superintendent's office.



FORTUNA UNION HIGH SCHOOL DISTRICT CITIZENS' BOND OVERSIGHT COMMITTEE

3:30 PM Open Session

District Office Conference Room
379 Twelfth Street, Fortuna, CA 95540

Committee Meeting February 5, 2014 MINUTES

1.0 Opening Ceremony – Meeting of the Citizens' Bond Oversight Committee – 3:30 PM

The meeting was called to order at 3:32 pm by Chairperson Trina Pockett. Committee members present were: Trina Pockett, Joy Crotty, Erin Dunn, John Prevost, and Dave Settle. Absent: Doug Edgmon. District Staff present: Glen Senestraro and Corey Weber.

1.1 Call to Order

1.2 Welcome by Chair: Trina Pockett

Vice-Chair: Dave Reed

Members: Joy Crotty, Erin Dunn, Doug Edgmon, John Prevost and Dave Settle

2.0 Approval of September 4, 2013 Meeting Minutes (Reed/Prevost) – 7-0

3.0 Items for Report, Discussion, and Possible Action

3.1 Report, Discussion and Possible Action to discuss Bond Performance Audit Report – Report by Corey Weber: group discussed and reviewed the audit.

3.2 Report, Discussion and Possible Action to view and discuss the website – Report by Glen Senestraro: group viewed the website and thought the district could post more pictures from the construction.

3.3 Report, Discussion and Possible Action to review the bond expenditures incurred to date – Report by Corey Weber: reviewed the expenditures spreadsheet and answered questions from the committee.

3.4 Report, Discussion and Possible Action to determine the annual report to the board – Report by Glen Senestraro: reviewed and provided input regarding the annual report. Group decided Mr. Reed would be the representative at the board meeting to review the report.

3.5 Report, Discussion and Possible Action to decide on the next meeting date – Report by Glen Senestraro: decided to meet again in early fall.

4.0 Adjournment – 4:26 pm

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Glen Senestraro, Superintendent
Fortuna Union High School District

Trina Pockett, Chair
Bond Oversight Committee

Agenda Backup

Item No: 3.1

Date: 5 March 2015

Item: Report and Discussion of Bond Projects PowerPoint

Overview: The District staff will give a PowerPoint presentation on the status of the bond projects. This presentation was given to the FUHSD Board of Education.

Recommendation: Staff recommends the committee ask questions where relevant.

Prepared by: Glen Senestraro

Reviewed by: Glen Senestraro

Agenda Backup

Item No: 3.2

Date: 5 March 2015

Item: Report, Discussion and Possible Action to review the Citizen's Oversight Committee By Laws and Ralph M. Brown Act requirements

Overview: District staff has included the FUHSD Board adopted Bond Citizen's Oversight Committee By Laws for your review. The committee must follow the Brown Act. Staff will give information on this requirement and field questions from committee members.

Recommendation: Staff recommends the committee ask questions where relevant.

Prepared by: Glen Senestraro

Reviewed by: Glen Senestraro

FORTUNA UNION HIGH SCHOOL DISTRICT CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS

Section 1. Committee Established. The Fortuna Union High School District (the "District") was successful at the election conducted on November 6, 2012 (the "Election"), in obtaining authorization from the District's voters to issue up to \$10,000,000 aggregate principal amount of the District's general obligation bonds, pursuant to a 55% vote. 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 of California ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is now obligated to establish the Oversight Committee to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Fortuna Union High School District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have independent legal capacity 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 at District expense to the Committee as 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 the ballot measure. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform the following duties:

3.1 Inform the Public. The Committee shall inform the public concerning the District's expenditures of bond proceeds.

3.2 Review Expenditures. The Committee may review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measure; (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenses.

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) Approval of construction contracts,
- (ii) Approval of construction change orders,
- (iii) Appropriation of construction funds,
- (iv) Handling of all legal matters,
- (v) Approval of construction plans and schedules,
- (vi) Approval of Deferred Maintenance Plan, and
- (vii) Approval of the sale of bonds.

3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the District 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 shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soil 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) by the Board in its sole discretion and shall report to the Committee on any cost saving techniques considered or adopted by the Board.

(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 activities set forth in Prop 39 and included herein.

(g) The adoption of a plan for publicizing the activities of the Committee and the determination as to whether a mailer, a newspaper notice or website materials would best suit the distribution of the Committee's findings and recommendations.

(h) The amendment or modification of the Bylaws for the Committee as provided herein, subject to the legal requirements of Prop 39.

(i) 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 functions 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 and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIIA of the California Constitution.

(b) Inspect school 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 proposals or plans developed by the District.

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

Section 5. Membership.

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

- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizen's organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member shall be a 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 or school site council.
- Two (2) members of the community at-large appointed by the Board.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age, in accordance with Government Code Section 1020.

(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. By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and to complete the Form 700 as required by all "designated employees" of the District. Additionally, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, beginning _____, 2012. No member may serve more than three (3) consecutive terms. At the Committee's first meeting, members will draw lots to select a minimum of two (2) members to serve for an initial one (1) year term and the remaining members for an initial two (2) year term.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) appropriate local groups will be solicited for applications; (b) the Superintendent or his designee will review the applications; (c) the Superintendent or his designee 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 (2) 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.

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 as an individual.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee is required to meet at least once a year including an annual organizational meeting to be held in _____.

6.2 Location. All meetings shall be held within the District.

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 except adjournment.

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 *Ralph M. 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 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 all Committee proceedings in order to report on the status of projects and the expenditures of bond proceeds.

7.3 No bond proceeds shall be used to provide District support to the Committee.

Section 8. Reports. In addition to the Annual Report required in Section 3.2, the Committee may report to the Board at least semi-annually 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, which positions shall continue for two (2) year terms. No person shall serve as Chair for more than two (2) consecutive terms.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a two-thirds vote of the entire Board.

Section 11. Termination. The Committee shall automatically terminate and disband at the earlier of the date when (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed.

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This following Ethics Policy Statement provides general guidelines for Committee members to perform their roles. 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 Fortuna Union High School District;
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interest of the District above any personal or business interest of the member.

The undersigned acknowledges he or she has received a copy of this Ethics Policy Statement, understands the provisions of this policy and agrees to adhere to its requirements.

Date

Member, Oversight Committee

Agenda Backup

Item No: 3.3

Date: 5 March 2015

Item: Report, Discussion and Possible Action to review bond expenditures

Overview: Since the last meeting, there have been some major expenditures. The District staff will update the committee on the expenditures.

Recommendation: Staff recommends the committee ask questions where relevant.

Prepared by: Corey Weber

Reviewed by: Glen Senestraro

BOND BUILDING FUND BOARD REPORT

September 2014 Transactions

2014-2015 Building Fund (21)

Fund Balance 9/1/2014 **\$621,336.93**

September 2014 Transactions

Vendor	Amount	Paid		Invoice #	PO #	Site	Project	Description
		Date	Warrant #					
SHN Consulting	\$3,410.78	9/4/2014	372136	83133	150234	420	0141	Inspection and Testing
SHN Consulting	\$1,867.35	9/4/2014	372136	83271	150234	420	0141	Inspection and Testing
BCA Architects	\$1,040.36	9/4/2014	372165	40337	150129	420	0141	East High Engineering
BCA Architects	\$11,595.70	9/4/2014	372165	40337	150130	420	0141	East High Schematic Design, assoc expenses
BCA Architects	\$1,147.37	9/4/2014	372165	40337	150130	420	0141	East High Engineering
BCA Architects	\$1,397.25	9/4/2014	372165	40337	150131	420	0141	East High Storm Drain Design
World Telecom	\$564.43	9/22/2014	373899	13051	150350	420	0141	East High Analog Line Installation
SHN Consulting	\$454.40	9/29/2014	374637	83570	150415	420	0141	Materials Testing for East High Project
BCA Architects	\$14,573.00	9/29/2014	374638	3413085000003	150410	420	0141	Pre-Construction Services East High
BCA Architects	\$13,803.00	9/29/2014	374638	3413085000004	150410	410	0142	Pre-Construction Services FHS Gyms
Guy Hooper	\$6,171.05	9/30/2014		Timesheet	Payroll	420	0141	DSA on-site inspector
Total Paid	\$56,024.69							

2014-15 Interest Earned **\$0.00**

Fund Balance 9/30/2014 **\$565,312.24**

Bond Project Costs To Date

Code	Site	Project	2012-2013 Expense	2013-2014 Expense	2014-2015 Expense	Total Spent to Date
0141	420	East High Building	\$117,640.99	\$266,112.06	\$1,501,251.73	\$1,885,004.78
0142	410	FHS Gyms	\$361,784.19	\$389,405.93	\$13,803.00	\$764,993.12
0143	410	FHS Athletic Complex	\$22,444.19	\$0.00	\$0.00	\$22,444.19
0144	410	FHS Theater	\$0.00	\$0.00	\$0.00	\$0.00
			\$501,869.37	\$655,517.99	\$1,515,054.73	\$2,672,442.09

Coding and Abbreviations

Code	Site	Project
0141	420	East High Building
0142	410	FHS Gyms
0143	410	FHS Athletic Complex
0144	410	FHS Theater
0000	000	Unspecified

Abbr	Name	Service
BCA	Bunton Clifford Associates, Inc	Architects/Project Manager
CDE	California Department of Education	
DSA	Division of the State Architect	State Approval
GHD	GHD Inc	Consulting Services
HPI	High Performance Incentive	State Funding Source
OPSC	Office of Public School Construction	
SW	School Works	Funding Consultant
SHN	SHN Consulting Engineers & Geologists	Civil Engineering

Fund 21	Building Fund - District Fund for deposit of Bond proceeds and expenses of Bond Projects.
Fund 51	Bond Interest and Redemption Fund - County Controller Fund to redeem Bond.

BOND BUILDING FUND BOARD REPORT

October 2014 Transactions

2014-2015 Building Fund (21)

Fund Balance 10/1/2014 **\$565,312.24**

October 2014 Transactions

Vendor	Amount	Paid		Invoice #	PO #	Site	Project	Description
		Date	Warrant #					
BCA Architects	\$537.06	10/9/2014	375847	40371	150130	420	0141	East High Schematic Design, assoc expenses
Roebbelen Construction	\$311,243.03	10/23/2014	377343	1914008000003	150125	420	0141	East High Building/Construction
Guy Hooper	\$487.19	10/31/2014		Timesheet	Payroll	420	0141	DSA on-site inspector
Total Paid	\$312,267.28							

Interest Earned **\$3,878.43**

Fund Balance 10/31/2014 **\$256,923.39**

Bond Project Costs To Date

Code	Site	Project	2012-2013 Expense	2013-2014 Expense	2014-2015 Expense	Total Spent to Date
0141	420	East High Building	\$117,640.99	\$266,112.06	\$1,813,519.01	\$2,197,272.06
0142	410	FHS Gyms	\$361,784.19	\$389,405.93	\$13,803.00	\$764,993.12
0143	410	FHS Athletic Complex	\$22,444.19	\$0.00	\$0.00	\$22,444.19
0144	410	FHS Theater	\$0.00	\$0.00	\$0.00	\$0.00
			\$501,869.37	\$655,517.99	\$1,827,322.01	\$2,984,709.37

Coding and Abbreviations

Code	Site	Project
0141	420	East High Building
0142	410	FHS Gyms
0143	410	FHS Athletic Complex
0144	410	FHS Theater
0000	000	Unspecified

Abbr	Name	Service
BCA	Bunton Clifford Associates, Inc	Architects/Project Manager
CDE	California Department of Education	
DSA	Division of the State Architect	State Approval
GHD	GHD Inc	Consulting Services
HPI	High Performance Incentive	State Funding Source
OPSC	Office of Public School Construction	
SW	School Works	Funding Consultant
SHN	SHN Consulting Engineers & Geologists	Civil Engineering

Fund 21	Building Fund - District Fund for deposit of Bond proceeds and expenses of Bond Projects.
Fund 51	Bond Interest and Redemption Fund - County Controller Fund to redeem Bond.

15.1

updated: 12/2/2014

BOND BUILDING FUND BOARD REPORT

November 2014 Transactions

2014-2015 Building Fund (21)

Fund Balance 11/1/2014 \$256,923.39

November 2014 Transactions

Vendor	Amount	Paid		Invoice #	PO #	Site	Project	Description
		Date	Warrant #					
AlfaTech	\$220.00	11/3/2014	378697	58262	150573	420	0141	Commissioning Services (HVAC/Electrical)
BCA Architects	\$488.24	11/10/2014	379442	40404	150130	420	0141	East High Schematic Design, assoc expenses
BCA Architects	\$48.83	11/10/2014	379442	40404	150130	420	0141	East High Schematic Design, assoc expenses
BCA Architects	\$60.60	11/10/2014	379442	40404	150131	420	0141	East High Storm Drain Design
BCA Architects	\$3,712.50	11/10/2014	379442	40420	150617	410	0142	FHS Funding Consultant
BCA Architects	\$239.70	11/17/2014	380013	40404	150129	420	0141	East High Engineering
Total Paid	\$4,769.87							

Interest Earned \$0.00

Fund Balance 11/30/2014 \$252,153.52

Bond Project Costs To Date

Code	Site	Project	2012-2013 Expense	2013-2014 Expense	2014-2015 Expense	Total Spent to Date
0141	420	East High Building	\$117,640.99	\$266,112.06	\$1,814,576.38	\$2,198,329.43
0142	410	FHS Gyms	\$361,784.19	\$389,405.93	\$17,515.50	\$768,705.62
0143	410	FHS Athletic Complex	\$22,444.19	\$0.00	\$0.00	\$22,444.19
0144	410	FHS Theater	\$0.00	\$0.00	\$0.00	\$0.00
			\$501,869.37	\$655,517.99	\$1,832,091.88	\$2,989,479.24

Coding and Abbreviations

Code	Site	Project
0141	420	East High Building
0142	410	FHS Gyms
0143	410	FHS Athletic Complex
0144	410	FHS Theater
0000	000	Unspecified

Abbr	Name	Service
BCA	Bunton Clifford Associates, Inc	Architects/Project Manager
CDE	California Department of Education	
DSA	Division of the State Architect	State Approval
GHD	GHD Inc	Consulting Services
HPI	High Performance Incentive	State Funding Source
OPSC	Office of Public School Construction	
SW	School Works	Funding Consultant
SHN	SHN Consulting Engineers & Geologists	Civil Engineering

Fund 21	Building Fund - District Fund for deposit of Bond proceeds and expenses of Bond Projects.
Fund 51	Bond Interest and Redemption Fund - County Controller Fund to redeem Bond.

2014-2015 Building Fund (21)

Fund Balance 12/1/2014	\$252,153.52
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November 2014 Transactions

Vendor	Amount	Paid		Invoice #	PO #	Site	Project	Description
		Date	Warrant #					
BCA Architects	\$262.50	12/15/2014	382893	40479	150617	410	0142	FHS Gyms Funding Consultant
BCA Architects	\$10,830.40	12/15/2014	382893	40479	150696	410	0142	FHS Gyms Civil Engineering
BCA Architects	\$8,820.00	12/15/2014	382893	40479	150697	410	0142	FHS Gyms Schematic Design, assoc expenses
BCA Architects	\$840.00	12/15/2014	382893	40479	150697	410	0142	FHS Gyms Schematic Design, assoc expenses
BCA Architects	\$41,700.00	12/15/2014	382893	40479	150707	410	0142	FHS Gyms Structural Engineering
Total Paid	\$62,452.90							

Total Paid	\$62,452.90
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Interest Earned	\$2,522.81
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Fund Balance 12/31/2014	\$192,223.43
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Bond Project Costs To Date

Code	Site	Project	2012-2013 Expense	2013-2014 Expense	2014-2015 Expense	Total Spent to Date
0141	420	East High Building	\$117,640.99	\$266,112.06	\$1,814,576.38	\$2,198,329.43
0142	410	FHS Gyms	\$361,784.19	\$389,405.93	\$79,968.40	\$831,158.52
0143	410	FHS Athletic Complex	\$22,444.19	\$0.00	\$0.00	\$22,444.19
0144	410	FHS Theater	\$0.00	\$0.00	\$0.00	\$0.00
			\$501,869.37	\$655,517.99	\$1,894,544.78	\$3,051,932.14

Coding and Abbreviations

Code	Site	Project
0141	420	East High Building
0142	410	FHS Gyms
0143	410	FHS Athletic Complex
0144	410	FHS Theater
0000	000	Unspecified

Abbr	Name	Service
BCA	Bunton Clifford Associates, Inc	Architects/Project Manager
CDE	California Department of Education	
DSA	Division of the State Architect	State Approval
GHD	GHD Inc	Consulting Services
HPI	High Performance Incentive	State Funding Source
OPSC	Office of Public School Construction	
SW	School Works	Funding Consultant
SHN	SHN Consulting Engineers & Geologists	Civil Engineering

Fund 21	Building Fund - District Fund for deposit of Bond proceeds and expenses of Bond Projects.
Fund 51	Bond Interest and Redemption Fund - County Controller Fund to redeem Bond.

BOND BUILDING FUND BOARD REPORT

updated: 1/30/2015

January 2015 Transactions

2014-2015 Building Fund (21)

Fund Balance 1/1/2015 **\$192,223.43**

November 2014 Transactions

Vendor	Amount	Paid		Invoice #	PO #	Site	Project	Description
		Date	Warrant #					
BCA Architects	\$5,544.00	1/8/2015	384699	40523	150697	410	0142	FHS Gyms Schematic Design, assoc expenses
Beacom Construction Company	\$8,518.00	1/8/2015	384700	8777	150761	420	0141	East High Walkway
Division of State Architect	\$61,250.00	1/15/2015	385446	Prepay	150779	410	0142	FHS Gyms, DSA review fees
AlfaTech	\$440.00	1/29/2015	386626	58614	150573	410	0142	Commissioning Services (HVAC/Electrical)
AlfaTech	\$2,420.00	1/29/2015	386626	58838	150573	410	0142	Commissioning Services (HVAC/Electrical)
Total Paid	\$78,172.00							

Interest Earned **\$0.00**

Fund Balance 1/31/2015 **\$114,051.43**

Bond Project Costs To Date

Code	Site	2012-2013 Expense	2013-2014 Expense	2014-2015 Expense	Total Spent to Date
0141	East High Building	\$117,640.99	\$266,112.06	\$1,825,954.38	\$2,209,707.43
0142	FHS Gyms	\$361,784.19	\$389,405.93	\$146,762.40	\$897,952.52
0143	FHS Athletic Complex	\$22,444.19	\$0.00	\$0.00	\$22,444.19
0144	FHS Theater	\$0.00	\$0.00	\$0.00	\$0.00
		\$501,869.37	\$655,517.99	\$1,972,716.78	\$3,130,104.14

BOND BUILDING FUND BOARD REPORT

January 2015 Transactions

updated: 1/30/2015

Coding and Abbreviations

Code	Site	Project
0141	420	East High Building
0142	410	FHS Gyms
0143	410	FHS Athletic Complex
0144	410	FHS Theater
0000	000	Unspecified

Abbr	Name	Service
BCA	Bunton Clifford Associates, Inc	Architects/Project Manager
CDE	California Department of Education	
DSA	Division of the State Architect	
GHD	GHD Inc	State Approval
HPI	High Performance Incentive	Consulting Services
OPSC	Office of Public School Construction	State Funding Source
SW	School Works	
SHN	SHN Consulting Engineers & Geologists	Funding Consultant
		Civil Engineering

Fund 21	Building Fund - District Fund for deposit of Bond proceeds and expenses of Bond Projects.
Fund 51	Bond Interest and Redemption Fund - County Controller Fund to redeem Bond.

Agenda Backup

Item No: 3.4

Date: 5 March 2015

Item: Report, Discussion and Possible Action to accept the request of a list of questions and items for discussion from a committee member

Overview: District staff received an email from a committee member with an attached list of questions and items for discussion. The list will be available at the meeting.

Recommendation: Staff recommends the committee view and discuss the relevance of the list and request. A vote to allow the request is warranted.

Prepared by: Glen Senestraro

Reviewed by: Glen Senestraro

Agenda Backup

Item No: 3.5

Date: 5 March 2015

Item: Report, Discussion and Possible Action to review the Bond Performance Audit

Overview: The Bond Performance Audit Report is done to provide transparency as to the expenditures of bond proceeds, while adhering to the bond guidelines.

Recommendation: Staff recommends a discussion regarding the audit report.

Prepared by: Glen Senestraro

Reviewed by: Glen Senestraro

FORTUNA UNION HIGH SCHOOL DISTRICT
County of Humboldt
Fortuna, California

MEASURE D GENERAL OBLIGATION BOND OF 2012
PERFORMANCE AUDIT

For the Year Ended June 30, 2014

With

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

FORTUNA UNION HIGH SCHOOL DISTRICT

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June 30, 2014

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FORTUNA UNION HIGH SCHOOL DISTRICT
INTRODUCTION AND EXECUTIVE SUMMARY

For The Year Ended June 30, 2014

In accordance with provisions of Article XIII A, Section 1, subdivision (b), paragraph (3) of the California Constitution and Proposition 39, annual performance audits are required for bond programs approved under the provisions of Proposition 39. The Measure D School Bond was approved by voters on November 6, 2012 to provide \$10 million in improvements to the District's facilities. The bond funds are to be used for the renovation, repair, and replacement of educational facilities as more fully described in Appendix A of this report. The first sale of the bond measure occurred on February 28, 2013 in the amount of \$3,500,000. The first expenditures for facilities improvements occurred on March 7, 2013.

The District has implemented controls for the use of school construction bond proceeds to comply with Measure D requirements. Total bond program expenditures for the year ended June 30, 2014 were \$1,190,022. Our performance audit evaluated overall bond program internal controls, and included testing of Measure D expenditures for the year ended June 30, 2014 in the amount of \$1,020,500 (86%). We found no exceptions with the use of bond program funds for approved Measure D purposes.

Measure D proceeds and expenditures through June 30, 2014 were as follows:

Bond Proceeds, February 28, 2013	\$ 3,500,000
Interest earned, March 7, 2013 to June 30, 2014	<u>20,102</u>
Total Bond Funds Available	<u>3,520,102</u>
 Expenditures incurred March 7, 2013 to June 30, 2014	 <u>1,970,584</u>
Remaining Funds from 2013 Bond Proceeds	<u>\$ 1,549,518</u>

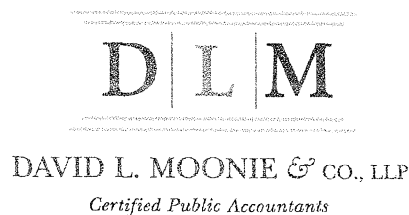
The District manages its bond program in a cost effective manner, using in-house personnel when possible, augmented with services by the District architect as well as a contracted project manager to oversee all the facilities and modernization projects being implemented by the District.

The District appointed a seven-member Citizens' Oversight Committee (COC) on April 9, 2013, as required by law. The COC meets on a semi-annual basis. The District maintained a website link on the District's website with information on the bond project and copies of the oversight committee minutes as required by Education Code Section 15280(b).

Summary of Findings and Areas for Improvement

None.

John R. Goff, CPA
Mark G. Wetzel, CPA
Michael R. Cline, CPA



Kenneth X. Stringer, CPA
Aaron S. Weiss, CPA
Joshua S. Miller, CPA
Matthew J. Hague, CPA

INDEPENDENT PERFORMANCE AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee
Fortuna Union High School District
379 12th Street
Fortuna, California 95540

Report on Performance

We have conducted a performance audit of the Measure D bond program of Fortuna Union High School District (the "District") for the year ended June 30, 2014, under the applicable provisions of Article XIII A, Section 1, subdivision (b), paragraph (3) of the California Constitution and Proposition 39.

Management's Responsibilities

Management is responsible for the District's compliance with the applicable provisions of Article XIII A, Section 1, subdivision (b), paragraph (3) of the California Constitution and Proposition 39. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the District's compliance with those provisions.

Auditor's Responsibilities

Our responsibility is to express an opinion on the pertinent issues included in the scope of the performance audit.

We conducted our 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 our performance audit are to determine the District's compliance with the applicable provisions of the California Constitution and Proposition 39 noted above,

FORTUNA UNION HIGH SCHOOL DISTRICT

INDEPENDENT PERFORMANCE AUDITOR'S REPORT - CONTINUED

including compliance with ballot, bond, and state funding source requirements, as well as the District's performance regarding:

1. Cost, schedule, and budgetary management and reporting
2. Bidding, procurement, and payment procedures
3. Change order management and control
4. Communication and fulfillment of expectations within the bond program

Scope of the Audit

The scope of our performance audit covered the year ended June 30, 2014, and included all Measure D bond program bond proceeds, interest income, and expenditures charged to the Measure D bond program for the year.

Procedures Performed

As more fully explained in the subsequent pages of this performance audit, we obtained the District's detailed general ledger and prepared a schedule of all expenditures charged to the bond program's Building Fund for the year ended June 30, 2014. Specific expenditures were selected for detail testing, and supporting invoices and other documents were reviewed to ensure that the expenditures were allowable costs under the provisions of Measure D, Proposition 39, and the applicable provisions of the California Constitution.

We interviewed District management, staff, and consultants, as well as the Citizens' Oversight Committee chairperson, to obtain an understanding of the processes, controls and issues related to the District's Measure D bond projects.

Our procedures were for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of noncompliance.

As part of planning and performing our performance audit, we considered internal control relevant to the District's bond program 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 District's internal control. Accordingly, we express no such opinion.

Opinion

In our opinion, the District complied with the compliance requirements for the Measure D General Obligation Bond proceeds.

FORTUNA UNION HIGH SCHOOL DISTRICT

INDEPENDENT PERFORMANCE AUDITOR'S REPORT - CONTINUED

This report is intended solely for the use of management, the Board of Trustees, and the District's independent Citizens' Oversight Committee. However, this report is a matter of public record and its distribution is not limited.

David L. Moonie + Co.

David L. Moonie and Co.,
LLP

CERTIFIED PUBLIC ACCOUNTANTS

Eureka, California

February 11, 2015

Digitally signed by David L. Moonie and Co., LLP
DN: cn=David L. Moonie and Co., LLP, o, ou,
email=mwetzal@dln-cpa.com, c=US
Date: 2015.02.20 14:21:47 -08'00'

FORTUNA UNION HIGH SCHOOL DISTRICT

BACKGROUND INFORMATION

For The Year Ended June 30, 2014

The Measure D School Bond was approved by voters on November 6, 2012 to provide \$10 million in improvements to the District's facilities. The bond funds are to be used for the renovation, repair, and replacement of educational facilities as more fully described in Appendix A of this report. The first series of bonds (Series 2013) were issued on February 28, 2013 in the amount of \$3,500,000. The District anticipates a second issuance of \$3,500,000 in 2015 and a final issuance of \$3,000,000 in 2017.

The District's Governing Board approved using the proceeds of the Series 2013 bond proceeds for the East High Continuation School modular building construction and the preliminary planning for the Fortuna High School gym renovation.

In 2012/13 the District's Governing Board approved awarding the project architect contract to BCA Architects. BCA Architects also provides services as the project manager. In March 2013, the District Board approved awarding a contract to Roebbelen Contracting, Inc. for preconstruction and construction services on the East High Continuation School modular buildings and site improvement project and the Fortuna High School modernization project.

Construction on the East High modular buildings began in June 2014. The project is scheduled to be completed in September 2014. The total cost of this project is estimated to be approximately \$2.5 million.

In addition to the bond funds, the District has applied for and been approved for a total of \$880,000 in State Modernization grant funds for the East High Continuation School modular building project. The State currently does not have funds available for these grants. State funds will not be available until new State bonds are approved in a state-wide election. The District intends to utilize funds available in its Capital Projects Fund in the amount of \$750,000 to finish the East High modular building project, and then reimburse the Capital Projects Fund when the State funding is received.

The District is also seeking a \$2,450,000 grant from the State Seismic Mitigation Fund for the Fortuna High School gym renovation project.

FORTUNA UNION HIGH SCHOOL DISTRICT

COMPLIANCE WITH BALLOT, BOND, AND STATE FUNDING REQUIREMENTS

For The Year Ended June 30, 2014

Objective

To determine the District's compliance with state requirements regarding expenditures of bond program funds and establishment and operation of a Citizens' Oversight Committee.

The requirements tested were as follows:

1. Article XIII A, Section 1, subdivision (b), paragraph (3) of the California Constitution states that only expenditures described in the bond's ballot measure are allowable costs for the bond program. In addition, no expenditure of bond funds is allowed for administrative or teacher salaries or for school operating expenses.
2. California Education Code Sections 15278 and 15280 contain provisions regarding the establishment of an independent Citizens' Oversight Committee (COC). The committee should be formed within 60 days from the date that the bond election results are entered in the District's Governing Board's minutes. The COC is to be made up of at least seven individuals, of which one is active in a business organization representing the business community within the District, one is active in a senior citizens' organization, one is active in a bona fide taxpayers' organization, one is a parent of a child enrolled in the District, and one is both a parent of a child enrolled in the District and also active in a parent-teacher organization. The COC is to give public notice of its meetings and maintain a website that includes all reports and minutes of the committee. The COC shall issue a report on its activities at least annually.
3. California Education Code Section 15286 requires annual performance audits for bond projects approved under provisions of Proposition 39.

Scope and Methodology

We evaluated bond program financial records and expenditure cost support to verify that funds were used for approved bond program purposes as set forth in the ballot measure and bond documents. Our procedures included review of bond program accounting records, contracts, purchase orders, invoices, and other documentation of expenditures to determine if funds were being used for approved bond program purposes.

FORTUNA UNION HIGH SCHOOL DISTRICT

COMPLIANCE WITH BALLOT, BOND, AND STATE FUNDING REQUIREMENTS -
CONTINUED

For The Year Ended June 30, 2014

We sampled and examined detailed supporting documentation for expenditures totaling \$1,020,500, which comprised 86 percent of the total \$1,190,022 bond program expenditures incurred during the year ended June 30, 2014.

We reviewed minutes of meetings of the District's Board of Trustees and minutes of meetings of the Citizens' Oversight Committee. We reviewed board resolutions, board policies, and reports provided to the COC during their committee meetings. We interviewed the COC chairperson, school site administrators, and District office staff.

Findings, Recommendations, and District's Responses

There are no findings and recommendations for this section.

Conclusion

The District is in compliance with requirements regarding the expenditures of bond funds and establishment and operation of a Citizens' Oversight Committee. No expenditures were noted that were not described in the bond ballot measure, and no teacher or administrator salaries, and no regular District operating expenses, were paid by bond program funds.

FORTUNA UNION HIGH SCHOOL DISTRICT

BOND PROJECT FINANCIAL EXHIBITS

For The Year Ended June 30, 2014

Objective

To report the proceeds, revenues, expenditures, and ending fund balance of the bond program.

Scope and Methodology

Bond project revenue and expenditures are accounted for in the District's Building Fund. Bond debt service payments are accounted for in the District's Bond Interest and Redemption Fund. We reviewed the District's financial records, including the audited financial statements, for the Building Fund and the Bond Interest and Redemption Fund. We reviewed capital outlay in other District funds to verify that no bond program expenditures were misclassified into other funds. We compared actual debt service payments to scheduled payments based on the Bond's official statement.

Year-end asset, liability, and fund balance amounts for the Building Fund as reported in the District's annual audited financial statements were as follows:

BALANCE SHEET - BUILDING FUND

	<u>June 30, 2014</u>
<u>ASSETS</u>	
Cash in County Treasury	\$ 2,173,452
Accounts receivable	3,655
Total assets	<u>\$ 2,177,107</u>
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	<u>\$ 627,589</u>
Total liabilities	<u>627,589</u>
Fund balances:	
Restricted	<u>1,549,518</u>
Total fund balances	<u>1,549,518</u>
Total liabilities and fund balances	<u>\$ 2,177,107</u>

FORTUNA UNION HIGH SCHOOL DISTRICT

BOND PROJECT FINANCIAL EXHIBITS - CONTINUED

For The Year Ended June 30, 2014

Annual revenue, expenditures, and changes in fund balance amounts as reported for the Building Fund in the District's annual audited financial statements were as follows:

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUILDING FUND

	<u>For The Year Ended June 30,</u>		<u>Cumulative</u>
	<u>2014</u>	<u>2013</u>	<u>Total</u>
Revenues:			
Interest income	\$ 15,351	\$ 4,751	\$ 20,102
Total revenues	<u>15,351</u>	<u>4,751</u>	<u>20,102</u>
Expenditures:			
Classified salaries	1,872		1,872
Employee benefits	68		68
Services and other operating expenditures	658,327	724,394	1,382,721
Capital outlay	<u>529,754</u>		<u>529,754</u>
Total expenditures	<u>1,190,021</u>	<u>724,394</u>	<u>1,914,415</u>
Deficiency of revenues under expenditures	<u>(1,174,670)</u>	<u>(719,643)</u>	<u>(1,894,313)</u>
Other financing sources (uses):			
Proceeds from debt		3,500,000	3,500,000
Operating transfers out		<u>(56,169)</u>	<u>(56,169)</u>
Total other financing sources (uses)	<u>-</u>	<u>3,443,831</u>	<u>3,443,831</u>
Change in fund balance	(1,174,670)	2,724,188	1,549,518
Fund balance, beginning of year	<u>2,724,188</u>		
Fund balance, end of year	<u>\$ 1,549,518</u>	<u>\$ 2,724,188</u>	<u>\$ 1,549,518</u>

FORTUNA UNION HIGH SCHOOL DISTRICT

BOND PROJECT FINANCIAL EXHIBITS - CONTINUED

For The Year Ended June 30, 2014

The changes in the outstanding balance of bonded debt for the Measure D 2012 General Obligation Bond as reported in the District's annual audited financial statements were as follows:

Year Ended June 30, 2013:	
Bond proceeds, Series 2013	<u>\$ 3,500,000</u>
Balance, June 30, 2013	<u>3,500,000</u>
Year Ended June 30, 2014:	
Debt service payments	132,163
Less: interest portion of payments	<u>(132,163)</u>
Bond principal payments	<u>-</u>
Balance, June 30, 2014	<u><u>\$ 3,500,000</u></u>

Findings and Recommendations and District's Response

There are no findings and recommendations for this section.

Conclusion

Bond project financial activity is properly reported in the District's Building Fund, and debt service is properly reported in the Bond Interest and Redemption Fund.

FORTUNA UNION HIGH SCHOOL DISTRICT

COST, SCHEDULE, AND BUDGETARY MANAGEMENT AND REPORTING

For The Year Ended June 30, 2014

Objective

To verify that the District's processes for establishing, managing, and reporting construction project budgets, project costs, and project scheduling are effective and operating efficiently.

Scope and Methodology

We reviewed and tested expenditures processed through the District's accounts payable system. We reviewed financial reports prepared and submitted to the Citizens' Oversight Committee and compared them to project cost estimates and to the District's financial reports to verify the reports' accuracy. We interviewed District business office staff, school site principals, a member of the Citizens' Oversight Committee, and the project manager.

Background Information

The District contracted with BCA Architects for the architectural services for the Measure D bond program, as well as to serve as the project manager for its facilities projects. BCA Architects has assisted in the project planning and design, and is responsible for managing the ongoing construction projects, including review, scheduling, and coordination of the general contractors, architect, inspectors, and District staff. The first facilities project to be constructed will be the East High School modular building. Construction on this project began in June 2014. The second project to be constructed will be the Fortuna High School gym renovation. Planning, design, survey, and hazardous material testing were performed on this project during the year ended June 30, 2014.

Project costs are tracked in the District's financial system through the use of separate school site codes and management codes. The District's business manager prepares periodic financial reports for the Citizens' Oversight Committee and for the District's Governing Board.

Bond Project Expenditures by Project

In 2012-13, the District expended bond funds for bond issuance costs, architectural planning and design, and engineering services. Actual construction costs had not yet been incurred. In 2013-14, the District expended bond funds for continued architectural planning, design, and project management, engineering services, surveying, hazardous material testing and removal, other consulting services, and construction.

FORTUNA UNION HIGH SCHOOL DISTRICT
COST, SCHEDULE, AND BUDGETARY MANAGEMENT AND REPORTING -
CONTINUED

For The Year Ended June 30, 2014

Cumulative bond project expenditures by project through June 30, 2014 were as follows:

Bond discount and issuance costs	\$ 278,693
General Planning:	
Architectural services	32,301
Geotechnical engineering services	40,000
Surveying services	30,000
Inspection services	1,940
East High School Project:	
Architectural and civil engineering services	280,048
Pre-construction planning services	5,427
Plan review fees	19,250
Hazardous material testing and removal	5,408
Construction	529,752
Geotechnical engineering services	3,600
Surveying services	22,861
Advertising	275
Acoustical consulting services	7,500
Inspection services	4,750
Fortuna High School Project:	
Architectural services and civil engineering fees	689,206
Geotechnical engineering services	3,600
Hazardous material testing and removal	9,209
Pre-construction planning services	6,197
Surveying services	567
Total	<u>\$ 1,970,584</u>

Findings, Recommendations, and District's Response

There are no findings and recommendations for this section.

Conclusion

The District's processes to manage and report costs, schedule the project, and prepare and manage project budgets were operating effectively and provided accurate reports of bond program activity.

FORTUNA UNION HIGH SCHOOL DISTRICT

BIDDING, PROCUREMENT AND PAYMENT PROCEDURES

For The Year Ended June 30, 2014

Objective

To determine that the District is in compliance with state requirements regarding bidding, procurement, and payment of bond project expenses.

Scope and Methodology

We interviewed District staff and District consultants, read District board minutes, and reviewed supporting documentation for expenditures of bond program funds to verify payment procedures are being followed. We also selected a sample of projects for which bid documents were reviewed, and verified that bid packages contained signed bid proposal forms, lists of subcontractors to be used, a signed non-collusion affidavit, a signed and notarized bid bond, a signed bidder's questionnaire, and the required list of recent construction projects completed.

Background Information

The District utilizes their outside project manager, BCA Architects, for the bidding and construction procurement process. For the year ended June 30, 2014 there were only two bidding processes required: acoustical testing, and asbestos and lead sampling survey. The project manager was responsible for soliciting bids, assembling and verifying the bid information, and performing the preliminary review. The project manager submitted the three top-rated bids to the District for management review and approval of the winning bid. All payment requests from construction contractors are forwarded to the architect for their review and approval prior to payment by the District.

Summary of Bids Selected for Review During our Performance Audit

<u>Project Description/Contractor Name</u>	<u>Bid Amount</u>
<u>Acoustical Testing:</u>	
Veneklasen Associates - Sound Testing	\$ 7,500
AlfaTech - Commissioning	6,800
3QC - Sound testing and commissioning	21,050
Bid awarded to: Veneklasen Associates and AlfaTech	
<u>Asbestos & Lead Sampling Survey:</u>	
GHD, Inc	\$ 5,620
RGA Environmental	5,980
Bid awarded to: GHD, Inc.	

FORTUNA UNION HIGH SCHOOL DISTRICT

BIDDING, PROCUREMENT AND PAYMENT PROCEDURES - CONTINUED

For The Year Ended June 30, 2013

Summary of Expenditures Tested

Total expenditures tested	\$ 1,020,500
Total expenditures incurred in 2013/14	<u>1,190,022</u>
Percentage of total expenditures tested	<u>85.8%</u>

Findings, Recommendations, and District's Response

There were no findings related to this section.

Conclusion

The District's procedures for obtaining, reviewing and approving bids were in compliance with state requirements. The procurement and payment procedures were also in compliance with state requirements and were operating effectively and efficiently.

FORTUNA UNION HIGH SCHOOL DISTRICT
CHANGE ORDER MANAGEMENT AND CONTROL

For The Year Ended June 30, 2014

Objective

To verify that procedures and controls over change orders are designed to ensure that change orders are adequately and efficiently reviewed to determine that they are valid modifications to the original contract.

Scope and Methodology

We interviewed District staff and the project architect to determine the procedures and controls over change orders, and reviewed contract billings through June 30, 2014 to determine if there were any change orders issued for the fiscal year ended June 30, 2014.

Background

For the fiscal year ended June 30, 2014 there were no change orders issued for bond construction projects. The procedure for change orders, when they occur, is for change order requests from the general contractor to be forwarded to the project architect for review and approval. These approved requests will then be forwarded to the District office, where they will be reviewed by District staff for appropriateness. If District staff have any questions regarding the change order, the architect will be contacted to explain and review the questions. Once District staff review and approve the change order, it will be forwarded to the contractor for inclusion in the subsequent payment application.

Findings, Recommendations, and District's Response

There were no findings related to this section.

Conclusion

There were no change orders for the bond projects for the year ended June 30, 2014. The District's procedures and controls over change orders are designed to ensure that change orders are adequately and efficiently reviewed to determine that they are valid modifications to the original contract.

FORTUNA UNION HIGH SCHOOL DISTRICT

COMMUNICATION AND FULFILLMENT OF EXPECTATIONS WITHIN THE BOND PROGRAM

For The Year Ended June 30, 2014

Objective

To verify that the District is adequately communicating bond program plans and progress to all stakeholders. Stakeholders include District management, District school site personnel, the District's Governing Board, the Citizens' Oversight Committee, and District community members.

Scope and Methodology

We interviewed District business office staff and school principals, read minutes of the District's Governing Board and of the Citizens' Oversight Committee, and reviewed the District's internet web page.

Background

Through most of the year ended June 30, 2014 the District was in the planning stages of the bond program. Construction on East High began in June 2014. During the planning process the District held meetings with affected school site principals, outside consultants, and District management to develop and review plans for facilities construction projects. The District holds regular meetings between the project manager and District management to review the progress of the projects.

Communication to community members consisted mainly of progress reports on facilities projects reported on and discussed at monthly meetings of the District's Governing Board, posting of Citizens' Bond Oversight Committee meeting minutes on the District's bond project web page, progress reports and information discussed at meetings of the Citizen's Oversight Committee, and through informal contact with community members by District management, members of the District's Governing Board, and members of the Citizens' Oversight Committee. Progress on the bond projects is also documented through posting and updating photographs of school facilities and progress made on construction on the District's bond project web page. Upon completion of the East High project in 2014-2015, public announcements were made and a public ceremony was held on site to celebrate and document the completion of that phase of the bond project.

Findings, Recommendations, and District's Response

There were no findings related to this section for the current year. In the prior year's performance audit, an audit recommendation was made that the District needed to improve the bond project web page, and post Bond Oversight Committee meeting minutes to the web page. That recommendation was implemented in 2013-14.

FORTUNA UNION HIGH SCHOOL DISTRICT

COMMUNICATION AND FULFILLMENT OF EXPECTATIONS WITHIN THE BOND
PROGRAM - CONTINUED

For The Year Ended June 30, 2014

Conclusion

The District's communication with stakeholders is generally good, and the District has made improvements to the bond project web page and is posting Citizens' Bond Oversight Committee meeting minutes to the web page as required.

FORTUNA UNION HIGH SCHOOL DISTRICT

APPENDIX A – BALLOT LANGUAGE FOR MEASURE D BOND ELECTION

For The Year Ended June 30, 2014

Full Text of Measure D

This proposition may be known and referred to as the Fortuna Union High School District General Obligation Bond of 2012, or Measure D.

FINDINGS

The Fortuna Union High School District (the "District") is a recognized leader in providing top quality education to Humboldt County students.

The achievements have been accrued by the District as a result of the long history of visionary leadership from the Board of Trustees of the District (the "Board"), as well as from staff members, parents, and members of the District communities. During its long history, the District has benefited from a community which supports its educational institutions by establishing high standards for academic achievement while at the same time providing the means required to meet and even to surpass those expectations.

In order to provide our local students with the same classrooms and school facilities as other California school districts, major repairs and upgrades are necessary to ensure these buildings will remain functional for future generations.

The Board has prepared a facilities plan and identified significant repairs, upgrades, and classroom and facility modernization needs that are more than the District is able to fund from currently available sources or annual revenues.

The District has sought, and continues to seek, all available outside sources of funding to improve our school buildings, including local, state, and federal grants and state bond funds. Historically, the state requires that local school districts provide local funds as a condition of receipt of state matching funds.

It is necessary to seek voter approval of a bond measure in order to provide the local funding for identified school facility repairs and modernization projects.

BOND AUTHORIZATION

By approval of this proposition by at least 55 percent of the registered voters voting on the proposition, the District shall be authorized to issue and sell bonds of up to \$10,000,000 in aggregated principal at interest rates below the legal limit, to provide finance for the specific school facilities projects listed in the Bond Project List attached hereto as Exhibit A-1, subject to all the accountability requirements specified below.

FORTUNA UNION HIGH SCHOOL DISTRICT

APPENDIX A – BALLOT LANGUAGE FOR MEASURE D BOND ELECTION -
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For The Year Ended June 30, 2014

BOND PROJECT LIST

The Bond Project List attached to this resolution as Exhibit A-1 shall be considered a part of the ballot proposition and shall be reproduced in any official document required to contain the full statement of the bond proposition.

Approval of this Bond Measure (the "Measure") does not guarantee that the proposed project or projects in the District that are the subject of bonds under the Measure will be funded beyond the local revenues generated by the Measure. If state matching funds become available, they will be used for and applied to the Bond Project List as per Exhibit A-1.

The school district's proposal for the project or projects may assume the receipt of matching state funds, which could be subject to appropriation by the Legislature or approval of a statewide bond measure.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers in the District may be assured that their money will be spent wisely to address specific facilities needs of the District all in compliance with the requirements of Article XIII A, Section 1(b)(3), of the State Constitution and the Strict Accountability in Local School Construction Bonds Act of 2000 (codified at Education Code Sections 15264 and following.)

Evaluation of Needs: The Board has prepared an updated facilities plan in order to evaluate and address all of the facilities needs of the District. The Board hereby certifies that it has evaluated safety, class size reduction, enrollment growth, and information technology needs in developing the Bond Project List contained in Exhibit A-1.

Independent Citizens' Oversight Committee: The Board shall establish an Independent Citizens' Oversight Committee pursuant to Education Code Section 15278 and following to ensure bond proceeds are expended only on the school facilities projects listed in Exhibit A-1. The committee shall be established within 60 days of the date when the results of the election appear in the minutes of the Board.

Performance Audits: The Board shall conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in Exhibit A-1.

FORTUNA UNION HIGH SCHOOL DISTRICT

APPENDIX A – BALLOT LANGUAGE FOR MEASURE D BOND ELECTION - CONTINUED

For The Year Ended June 30, 2014

Financial Audits: The Board shall conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in Exhibit A-1.

Special Bond Proceeds Account: Annual Report to Board. Upon approval of this proposition and the sale of any bonds approved, the Board shall take actions necessary to establish an account in which proceeds of the sale of bonds will be deposited. As long as any proceeds of the bonds remain unexpended, the Superintendent of the District shall cause a report to be filed with the Board annually stating (1) the amount of bond proceeds received and expended in that year, and (2) the status of any project funded or to be funded from bond proceeds. The report may relate to the calendar year, fiscal year, or other appropriate annual period as the Superintendent shall determine and may be incorporated in the annual budget, audit, or another appropriate routine report to the Board.

FURTHER SPECIFICATIONS

No Administrator Salaries. Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction and/or rehabilitation of school facilities including the furnishing and equipping of school facilities or acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

The proceeds of the bonds will be deposited into a Building Fund to be held by the Humboldt County Treasurer, as required by the California Education Code.

EXHIBIT A-1 BOND PROJECT LIST

Bond proceeds will be expended to modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District.

The specific school facilities projects to be funded include, but shall not be limited to:

- Repair or replace leaky roofs
- Improve technology infrastructure and increase student access to computers and modern technology
- Make health and safety improvements
- Repair or replace outdated heating, ventilation and air conditioning systems with building code compliant, energy efficient systems
- Repair deteriorating plumbing and irrigation systems

FORTUNA UNION HIGH SCHOOL DISTRICT

APPENDIX A – BALLOT LANGUAGE FOR MEASURE D BOND ELECTION -
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For The Year Ended June 30, 2014

- Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.
- Renovate, repair, construct and/or upgrade classrooms, restrooms and school facilities
- Upgrade school site parking, utilities and grounds
- Construct and improve PE fields and facilities for school and community use
- Make facility improvements to increase the District's energy efficiency (lighting, HVAC, windows, etc.)
- Make security improvements, such as installing security fencing, cameras, lighting, and fire alarm systems
- Repair and upgrade roofs, walls, and floors
- Install, replace or upgrade fire alarm and security systems
- Upgrade, renovate and equip science labs, multipurpose rooms, gymnasiums, food service facilities, auditoriums, libraries, and other school facilities
- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity
- Federal and State-mandated Occupational Safety & Health Administration (OSHA) safety upgrades including playground equipment replacement
- Abate and remove hazardous materials identified prior or during construction
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and improve outside instructional areas

The listed projects will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program/project management, staff training expenses and a customary contingency for unforeseen design and construction costs. In addition to the listed projects stated above, the list also includes the acquisition of a variety of instructional, maintenance and operational equipment, including the reduction or retirement of outstanding lease obligations and interim funding incurred to advance fund projects from the list; installation of signage and fencing; payment of the costs of preparation of all facility planning, facility studies, assessment reviews, facility master plan preparation and updates, environmental studies (including environmental investigation, remediation and monitoring), design and construction documentation, and temporary housing of dislocated District activities caused by construction projects. In addition to the projects listed above, the repair and renovation of each of the existing school facilities may include, but not be limited to, some or all of the following: renovation of student and staff restrooms; repair and replacement of heating and ventilation systems; upgrade of facilities for energy efficiencies; repair and replacement of worn-out and leaky roofs, windows, walls, doors and drinking fountains; installation of wiring and electrical systems to safely accommodate computers, technology and other electrical devices and needs; upgrades or construction of support facilities, including

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administrative, physical education/athletic facilities and performing arts buildings and maintenance yards; repair and replacement of fire alarms, emergency communications and security systems; resurfacing or replacing of hard courts, pools, turf and irrigation systems and campus landscaping and play fields; expand parking; install interior and exterior painting and floor covering; demolition; and construction of various forms of storage and support spaces, upgrade classrooms, bleachers, kitchens, repair, upgrade and install interior and exterior lighting systems; replace outdated security fences and security systems. The upgrading of technology infrastructure includes, but is not limited to, computers, LCD projectors, portable interface devices, servers, switches, routers, modules, sound projection systems, laser printers, digital white boards, document projectors, upgrade voice-over-IP, call manager and network security/firewall, wireless technology systems and other miscellaneous equipment and software. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District will not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. Some projects throughout the District, such as gyms, fields and performing arts facilities, may be undertaken as joint use projects in cooperation with other local public or non-profit agencies. The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property. Proceeds of the bonds may be used to pay or reimburse the District for the cost of District staff when performing work on or necessary and incidental to bond projects. Bond proceeds shall only be expended for the specific purposes identified herein. The District shall create an account into which proceeds of the bonds shall be deposited and comply with the reporting requirements of Government Code § 53410.