

Elk Hills School District Citizens' Bond Oversight Committee

2008-2009 Annual Report

(Report Prepared May 3, 2011)

SPECIAL NOTE:

This report was prepared and approved on May 3, 2011 by the current Bond Oversight Committee. Since information on past Bond Oversight Committee meetings were not able to be located within the district's records, the 2010-11 Bond Oversight Committee decided to conduct an audit for each year since the bond was passed in 2004, to be inline with Prop 39 regulations. Based on the audit, the committee then developed a report for each year.

INTRODUCTION:

On March 2, 2004, the Elk Hills' voters and business partners passed a \$7.905 Million school facilities bond by an overwhelming 75% rate! The bonds were competitively bid and sold in three issuances of \$2.5 million in 2004, \$2.1 million in 2005 and \$3.305 million in 2008.

This measure was submitted to voters under the terms and conditions of Proposition 39, which requires a 55 percent affirmative vote for passage. Measure D passed with 63.8 percent. Accountability requirements of Proposition 39 include annual performance and financial audits on the use of bond proceeds and the establishment of an independent Citizens' Bond Oversight Committee to ensure bond proceeds are expended only on school facilities and not on school operating expenses.

The Elk Hills' tax-payers were promised a tax rate that would not exceed \$30.00 per \$100,000 of assessed property valuation. The district has honored this promise and the current tax rate is \$22.50 per \$100,000 of assessed property valuation.

Completed Phase I Bond funding has allowed the district to renovate and upgrade classrooms, restrooms, cafeteria, auditorium, gymnasium, library, selected playground equipment, security fencing, and the HVAC units.

Completed Phase II Bond funding and an E-RATE grant (90%) allowed for the implementation of technology wiring and equipment upgrade, campus-wide wireless connectivity, auditorium equipment, laptop computer program, interactive classroom systems, and high-tech/high-touch Science, Technology, Engineering, and Mathematics (STEM) technology lab. Classroom equipment and furniture was also purchased for use in the renovated classrooms and support ventures.

Phase III of the Board program is currently being planned and will be implemented starting this summer as remaining Bond funding allows. The project phase may include the replacement of all roofing systems, upper playground renovation, outdoor science learning areas and amphitheaters, parking and fencing enhancements, and solar project to power electricity to our school with the support from SC Architects Inc. from Bakersfield.

CITIZENS' BOND OVERSIGHT COMMITTEE:

California Education Code Sections 15278-15282 established the duties of a school district and its duly formed Citizens' Bond Oversight Committee with respect to

Proposition 39 bond measures.

The Committee must consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. The Committee must include:

- A. One member who is active in a business organization representing the business community located within the school district.
- B. One member active in a senior citizens' organization.
- C. One member who is a parent or guardian of a child enrolled in the school district.
- D. One member who is both, a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization.
- E. One member who is active in a bona fide taxpayers' organization.

Please note that over the past years, since the 2004 Bond approval the Bond Oversight Committee has met at different times, however, it is noted that the committee has not met annually as needed to meet the Proposition 39 meeting requirements (see auditor's finding notes below).

AUDIT REPORTS:

The annual independent **financial audit** was conducted by the firm of *Robert and James*, Certified Public Accountants. Their report, dated April 22, 2011, stated that the financial statements for the year ended **June 30, 2009** were presented fairly and in conformity with generally accepted accounting principles. The \$7.9 million bonds were competitively bid and sold in three issuances of \$2.5 million in 2004, \$2.1 million in 2005, and \$3.305 million in 2008. **As of June 30, 2009 the Bond account balance was \$1,935,153.00. In addition, they identified no deficiencies in internal control considered to be material weaknesses.**

The annual independent **performance audit** was conducted by the firm of *Robert and James*, Certified Public Accountants. Their report, dated April 22, 2011, stated that for the year ended June 30, 2009, the expenditure of the funds generated through Measure D bonds were only for the projects listed in the 2004 approved project listing. It is also noted that no Bond funds were used for salaries of school administrators or other operating expenses of the district.

FINDINGS, RECOMMENDATIONS, AND THE DISTRICT RESPONSE FROM THE AUDIT REPORTS:

Finding: For the 2008-09 school year the audit did not find information or data supporting compliance with Proposition 39 meeting requirements for the Bond Oversight Committee annual meeting or annual report.

District response for remediation of findings: It is noted, that from 2005-2010 Elk Hills School District has had multiple changes in administration and office support staff. There have been four superintendents and four secretaries during that timeframe. Of course the district was still obligated to be in compliance with Proposition 39 meeting

and reporting requirements.

To comply with Proposition 39 requirements and audit findings, during the 2010-2011 school year, the superintendent and Board have implemented the following items to fully comply with meeting and reporting requirements:

1. Ordered and has received both a Financial and Performance Audit for all years from 2005-2010. The annual independent Financial and Performance audits were issued on April 22, 2011 by the firm of *Robert and James*, Certified Public Accountants.
2. Annual independent Financial and Performance Audits will be conducted by a Certified Public Accounting firm and approved by the Bond Oversight Committee.
3. As stated above, the district has reformed a Bond Oversight Committee that meets the Proposition 39 membership requirements.
4. Bond Oversight Committee will meet annually or more to conduct all Bond oversight business per Proposition 39.
5. Bond Oversight Committee will provide an annual report to the District Board of Trustees.
6. All Audits and Bond Oversight Committee meeting information will be posted on the District website.

The current 2010-12 committee membership was formed in 2010 and meets the Proposition 39 criteria and includes the following representatives:

1. Susie Geiger-Kern Tax Association Representative
2. Shelley Cauzza-Business Member Representative
3. Janice Vontz-BW Senior Center Representative
4. Brandi Calbert-Elk Hills School Site Council Representative
5. Autumn Mitchell-Elk Hills School Parent/Teacher Org. Representative
6. Carl Stark-Elk Hills School Parent Representative
7. Billy Elliott-Elk Hills School Parent Representative

Prop 39 requires the Oversight Committee meet a minimum of once per year. Elk Hills School District Bond Oversight Committee plans to meet at least two-times per year.

CONCLUSION:

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

The Elk Hills School District is in compliance with the requirements of Proposition 39 and Article XIII A Section 1(b) (3) (c) of the California Constitution.

The Elk Hill School District website, www.elkhills.k12.ca.us, provides information on Measure D, annual financial and performance audits, the Citizens' Bond Oversight Committee and its activities.