

ANNUAL REPORT to the Board of Education of North Monterey County Unified School District



9/21/2016

**Second Annual Report: July 1, 2015
through June 30, 2016**

Measure 'H'

Citizen's Bond Oversight Committee

ANNUAL REPORT to the Board of Education of North Monterey County Unified School District

**SECOND ANNUAL REPORT: JULY 1, 2015 THROUGH JUNE 30,
2016**

INTRODUCTION

The North Monterey County Unified School District (NMCUSD) Board of Education authorized placement on the November 2013 ballot Measure H, a general obligation school construction bond. The \$23.8 million bond, Measure H, was placed on the ballot to serve as a funding mechanism to improve school facilities in the North Monterey County Unified School District. Measure H, was presented to the voters through the state's Proposition 39 program which requires a measure be passed with 55 percent voter approval. On November 5, 2013 Measure H was passed.

CITIZENS' OVERSIGHT COMMITTEE

Proposition 39 requires the sponsoring school district of an approved measure to establish a Bond Oversight Committee (BOC) to review expenditures, annually report, and inform the public regarding the expenditures of the general obligation bond. The BOC must provide an annual report confirming that bond funds were expended in accordance with Proposition 39 requirements. This is the NMCUSD Measured H BOC's second annual report for the fiscal year ending June 30, 2016.

Committee members:

Lorena Miranda – Chair, Business Organization and Parent
Manuel Osorio – Vice Chair and Bona Fide Taxpayer Assoc.
Dean Lines – Parent Teacher Group
Cosme Padilla – Senior Citizen's Organization
Larry Calhoun – Business Community
Margaret Stone – Community At-Large
Eddie Centeno – Community At-Large and Parent
Patricia Alva – Parent Teacher Group and Parent
Jose Anaya - Business Community and Parent

COMMITTEE REVIEW

The NMCUSD's Measure H BOC met on the following dates during the past year: September 14, 2015, January 26, 2016, March 16, 2016, and May 11, 2016. The following items were reviewed:

- BOC bylaws, policies and procedures including the Brown Act and the completion of Form 700 and an Ethics Policy statement.
- Unaudited actual financial budget and expenditure activity reports at each meeting.
- Reviewed and accepted the independent audit report of Goodell, Porter, Sanchez & Bright, LLP, dated January 29, 2016, for the period ending June 30, 2015 which concluded, "The results of our test indicated that, in all significant respects, the NMCUSD has properly accounted for the expenditures in the Measure H Bond Fund and that such expenditures were made for authorized Bond projects.
- Reviewed the process of the selling of the second series of Measure H Bonds (Series B) in the amount of \$8.3 million.
- Completed projects and tours for:
 - New NMC High School Library Media Center, with grand opening on August 1, 2016
 - Deferred maintenance and technology projects
- Programs, budgets, and timelines for the following projects in process at North Monterey County High School:
 - Boiler replacement
 - Gym bleachers and floor replacement
 - Athletic track and field improvements.
- Programs, budgets, and timelines for the following projects in process at North Monterey County Middle School:
 - Classroom addition
- Programs, budgets, and timelines for the following projects in process at Central Bay High School:
 - Modular classrooms and path of travel upgrades

BUDGETED AMOUNTS

On September 13, 2014 a public workshop was held at the NMCUSD District Office. During the workshop, projects from the Measure 'H' ballot priority list were prioritized and given budgets under the constraints of the first issuance, Series A, for a total of \$15.5 million. Figure 1: Measure 'H' Bond, Series A, Budget identifies the projects and the total dollar amount allocated to each.

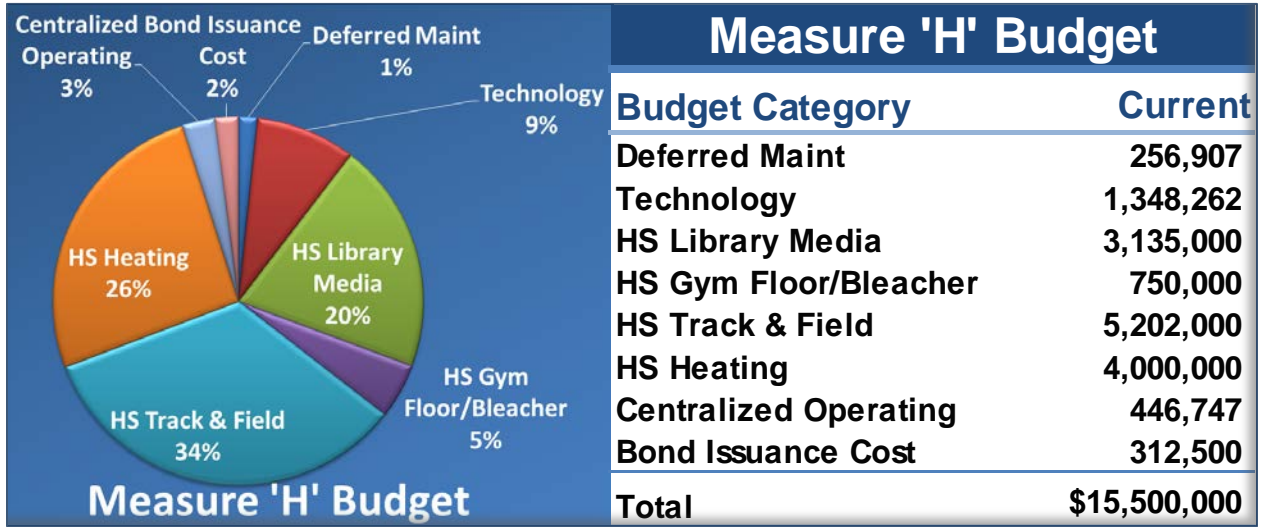


Figure 1: Measure 'H' Bond, Series A, Budget

As shown in Figure 1: Measure 'H' Bond, Series A, Budget you can see that three NMC High School projects received the highest priority with a combined total of approximately 70% of Series A funding.

As construction documents and agency requirements became more formalized, the original budget was adjusted during the course of the year to reflect more accurate project requirements and includes funds available through the sale of the Series B, which will occur in the next fiscal year. Figure 2: Measure 'H' Budget with Series A & B Funds, reflects the current project budgets.

Measure 'H' Budget with Series A & B		
Budget Category	Current	% of Total
Deferred Maint	183,940	1%
Technology	1,267,661	5%
HS Library/Media	2,837,173	12%
HS Gym	1,011,885	4%
HS Athletic Field	8,050,000	34%
HS Heating	3,945,000	17%
HS Roof	735,702	3%
HS Modern	123,162	1%
CB Classroom	1,040,000	4%
MSAdditional Classroom	1,752,500	7%
Centralized Operating	661,124	3%
Bond Issuance	515,750	2%
Undesignated Funds	1,676,102	7%
Total	\$23,800,000	100%

Figure 2: Measure 'H' Budget with Series A & B Funds

Figure 2, Measure ‘H’ Budget with Series A & B Funds, shows that 93 percent of the funds have been budgeted to a specific project, with roughly \$1,676,102 remaining undesignated. These final funds remain reserved for completion of the bidding and contracting cycles of designated projects to ensure availability of funds for further assignment according to the priority list of the Facility Master Plan. Figure 3: Measure ‘H’ Bond 2016 Budget provides a visual of the distribution of funds over the projects.

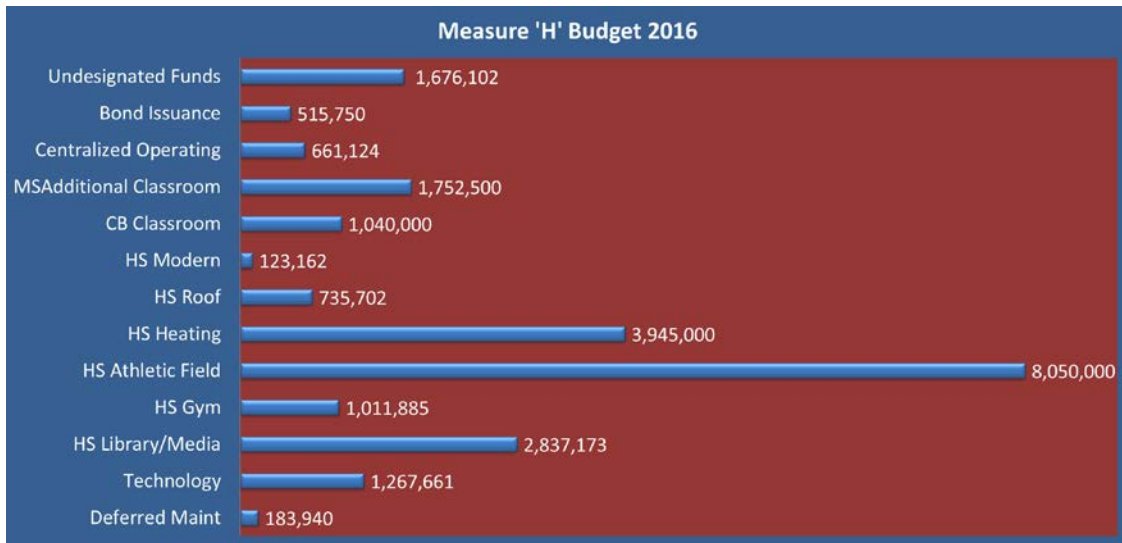


Figure 3: Measure ‘H’ Budget 2016

EXPENDITURES

As of June 30, 2016 approximately 41.2% of the Series A bond (\$15.5 million) has been expended. Figure 4: Measure ‘H’ Bond Expenses, provides a list of projects where monies have been disbursed as of June 30, 2016.

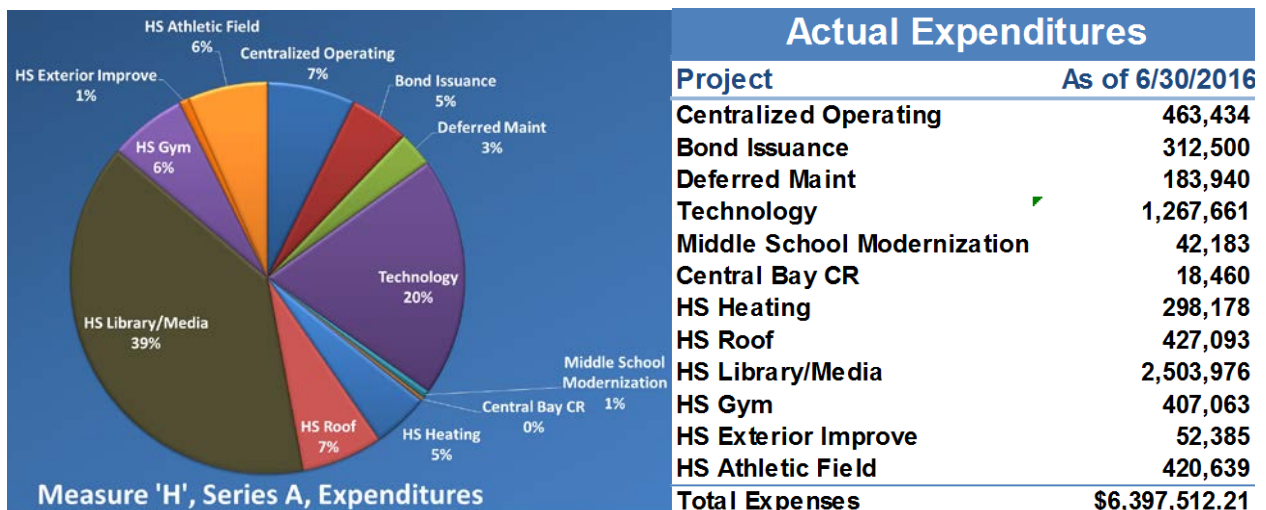


Figure 4: Measure ‘H’ Bond Expenses

From Figure 4: Measure 'H' Bond, Series A, Expenses, it becomes apparent that approximately 39% of funding spent as of June 30, 2016 was related to completing the new Library/Media Center, 20% for technology, 6% for gym renovations at the high school, and 7% for a new roof at the high school. The approximate 6% expended thus far on the athletic field improvements and the 5% for the heating and ventilation upgrades at the high school are associated with obtaining project design and the requisite agency reports and approvals. The actual construction costs are scheduled for 2016/2017 fiscal year. A timeline of these projects is provided in the Appendix: Anticipated Project Timeline.

CONCLUSION

The NMCUSD's Measure H Bond Oversight Committee advises that after review of expenditures, and to the best of its knowledge, the NMCUSD is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measure H. As prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution, no funds were used for any teacher or administrative salaries or other operating expenses.

Respectfully,

Lorena Miranda
Committee Chair,
NMCUSD Measure H Bond Oversight Committee

APPENDIX: ANTICIPATED PROJECT TIMELINES

Anticipated Project Timelines					
2017	Jul-17			Occupancy	Construction. May have to delay start until Spring 2017 due to class disruption.
	Jun-17			Construction	
	May-17				
	Apr-17				
	Mar-17				
	Feb-17				
	Jan-17				
2016	Dec-16				Bid/Award
	Nov-16				
	Oct-16				
	Sep-16		Occupancy	Bid/Award	
	Aug-16		Construction	DSA Review & Approval	DSA Review & Approval
	Jul-16				
	Jun-16	Occupancy			
		Library Media Center	Gym Floor & Bleachers	Athletic Field	Heating Upgrade