

**BOND OVERSIGHT COMMITTEE MEETING #05****March 16, 2016**

NMCUSD District Office

8142 Moss Landing Road, Moss Landing, CA

Special Meeting Minutes #05

NMCUSD District Office, 5:30 p.m.

MEASURE 'H' BOND

A. Call To Order. The meeting was called to order at 5:35 p.m. by Chair, Lori Miranda. Roll call was taken and verification that a quorum was present.

Committee Members Present:

Lori Miranda	Chair, Business Organization and Parent
Cosme Padilla	Senior Citizen Organization
Larry Calhoun	Community-At-Large and Business Community
Jose Anaya	Community-At-Large, Business Community and Parent
Dean Lines	School Site Council/Parent Teacher Group
Patricia Alva	Community-At-Large and Parent Elkhorn Elementary
Margaret Stone	Community-At-Large

Committee Members Absent:

Eddie Centeno	Community-At-Large and Parent NMC High School
Manuel Osorio	Vice-Chair, Bona Fide Taxpayer Association

Staff Present:

Kari Yeater	Superintendent
Liann Reyes	Assistant Superintendent, Business Services
Rick Diaz	Bond Program Manager
Virginia Boyce	Bond Account Specialist

B. Review and Accept Independent Audit Report. Liann Reyes provided a comprehensive overview of Measure H Bond Building Fund of NMCUSD, County of Monterey, Moss Landing, CA, Audit Report for the Fourteen Months Ending June 30, 2015, prepared by: Goodell, Porter, Sanchez & Bright, LLP, dated January 29, 2016. Points of interest are reflected below:

- The report only focuses on Measure H Bond Building Fund.
- This report, the first since issuance on May 1, 2014, is for fourteen months. Future reports will be for twelve months and conducted annually.
- Total outstanding bond indebtedness as of June 30, 2015 is \$14,975,000.
- The audit report is an opinion by the independent auditor of both Monterey County Treasury and NMCUSD's "financial statements presented fairly, in all material respects, the respective financial position of the Measure H Bond Building Fund" and used "accounting principles generally accepted in the U.S. (Pg. 3).
- The Balance Sheet presented on page four of the report is a perpetual statement which shows on June 30, 2015 that \$13,069,959 remained for capital project improvements as identified in the ballot language.

- “The statements presented are for the individual Measure H Bond Building Fund and are not intended to be a complete representation of the District’s financial position on operations (Pg. 6).” The audit report for the District is a separate document and available for review on the District’s website.
- The information provided on page nine of the report in Note 2 - Cash and Investments is a reflection of total cash in the County Treasury pool of funds for all of Monterey County. A credit risk assessment of the pool of funds was made by the auditor. Risk was assigned to the District’s funds relative to the percentages assigned at the County level (Pg. 10).
- “Note 5 - Measure H General Obligation Bonds (Pg. 11): On May 1, 2014 the District issued Series A in the amount of \$15,500,000 bearing interest rates between 2% and 4% and maturing dates through November 1, 2044. The table on page 12 represents debt service requirements issued through the County from NMCUSD bond account. General school district revenues will not be required to fund the debt service on the bonds (Pg. 11).”
- Note 6 (Pg. 12) – Construction Commitments is a reflection of the District having open contracts on the last day of the fiscal year.
- Page 13 of the report begins the findings of the District’s financial reporting. In the final paragraph at the bottom of the page, three important definitions are provided: deficiency in internal controls, material weakness, and significant deficiency. Page 14 reports if any of those conditions were found. The report indicates the independent auditors “did not identify any deficiencies in internal controls that we consider to be material weaknesses.” Results of “tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.” (Pg. 14)
- The report on performance is found on page 15. The auditors reviewed the language of Proposition 39, the expenditures recorded, and found: “The results of our tests indicated that the District expended Measure H funds only for the specific projects approved by the voters.”
- Means and methods of the audit are recorded on page 16 of the report.
- Conclusion: “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 (Pg. 17).”
- The Summary of Findings, of which there were none, can be found on the final page of the report (Pg. 18).

A motion to approve and accept the annual independent audit report of Goodell, Porter, Sanchez & Bright, LLP, dated January 29, 2016, for the period ending June 30, 2015 was made.

Motion to approve and accept: Larry Calhoun
Second by: Cosme Padilla
Motion Carried: 7-0

C. Project Status Update. Rick Diaz provided current status of projects.

- HS Library Media Center: Project construction is progressing on schedule, furniture order has been finalized, ribbon cutting ceremony tentatively scheduled for August 1, 2016. IT Department is finalizing the computer order for purchase and installation.
- HS Boiler Room Upgrade. Plans have been shifted from Oakland office to the San Diego office. Structural comments have been received and we are hopefully anticipating an approximate six week turnaround of an approved set.
- HS Gym Bleacher and Restroom Upgrade. DSA is requiring accessible shower and toilets in the boys and girls locker room. This is an additional requirement that will result in additional architectural, engineering, and construction costs. The greater issue is getting an approved set of plans to meet the summer construction schedule. The architect is aware of the extreme deadlines and is prepared to accommodate. A very rough estimate has additional construction costs increasing the project by approximately \$70,000.
- HS Athletic Track & Field. The original submittal was considered incomplete by DSA (State Architect) and has yet to be entered into the 6-8 week bin time for assignment of review. The originally installed (late 1970s, early 1980s) bleachers have not been verified by the State in the original construction plans and as such may require teardown and installation of new. This requirement will add additional engineering and construction costs to the project. For the Coastal Permit, Monterey County has added the requirement for a Health Department approval of the concession menu and food preparation area and a storm water runoff plan to the review and approval process. HS Roof Replacement. Does not require State approval. The plans should be completed within the next two weeks, and we are preparing for public bidding services. Construction duration estimated at 60 days.

D. Adjournment. The meeting was adjourned at 6:49 p.m.

Motion to Adjourn: Lori Miranda
Second by: Cosme Padilla
Motion Carried: 7-0

Next Meeting: May 11, 2015, 5:30 p.m., NMCHS Library/Media Center