

SALINAS UNION HIGH SCHOOL DISTRICT
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
for SCHOOL BOND MEASURES B & M

ANNUAL REPORT TO THE VOTERS for 2020
January 18, 2021

Executive Summary

The "Committee", includes both bond measures M and B, has reviewed all available data on the expenditures of the bond funds, and found that none of the funds were spent on projects not included in the bond measure specifications nor for any expenses not allowed under the law.

Background

On March 8, 2016 the Board of Trustees approved the newly formed "Committee" for the Measure B and Measure M bonds. This report is issued by the Committee.

Measures M a general obligation school bond measure was passed in November 2002, Measure B a general obligation school bond measure was passed in November 2014, and Measure W a general obligation school bond measure was passed in November 2020 by the voters of the Salinas Union High School District (hereinafter "District") in accordance with Proposition 39. The funds raised by Measure B are dedicated specifically to the repair, maintenance, physical improvement and expansion of the District's high schools (including construction of the new high school). Funds raised by Measure M are dedicated specifically to the repair, maintenance, physical improvement and expansion of the District's middle schools, and purchase of a site for and construction of a new middle school. Measure W is dedicated specifically for the repair, maintenance, physical improvement and expansion of all of its schools and school sites.

The Committee

Under Proposition 39, applicable implementing legislation relating thereto, and the California Education Code (together hereinafter "Law"), the District was required to establish a Citizens' Oversight Committee (hereinafter "Committee") for each of the bond measures. This was done in 2002 for Measure M. That committee was disbanded and the newly formed "Committee" encompasses all Measure funds at that time were both Measure B and Measure M. With the passage of Measure W at the November 3, 2020 general election the committee is further assigned and assumes responsibility for all three measure B, M, & W (hereinafter "the Measures"). The Law and the Committee's current Bylaws (available for viewing on the District's website: www.salinasuhd.org) set forth the required membership of the Committee.

As of this report, the Committee consists of the following members:

Richard Giffin, Taxpayers' Representative, Chairperson, current term expires March 31, 2022. William Sullivan resumed role of Chairperson on May 21, 2019.

William Sullivan, Chair, Seniors Representative, third term expires March 31, 2022.

Juan Flores, Vice-Chair, Community at Large, third term expires on December 31, 2022.

Jesse Lopez, Parent Representative, third term expires March 31, 2022.

Kathie Grab, PTA or SSC Representative, newly appointed by the Board of Trustees August 13, 2019, current term expires August 12, 2021.

Vacant, Business Representative.

Vacant, Community at Large

As of the date of this report, all but two positions on the Committee required by the Law were occupied. The District maintains messaging to the community on its website and at the local libraries for volunteers to participate on the committee.

Serving as non-voting advisors in a resource capacity to the Committee are:

Ana Aguillon, Manager Business Services/CBO, Salinas Union High School District.

Virginia Boyce, Director of General Services, Salinas Union High School District.

Lisa Gonzales, secretary of the Salinas Union High School District Business Services Department and Secretary to the Committee.

The Committee met one time in 2020 meeting the minimum requirements of the law. Traditionally, the committee meets twice per year, however, due to the Sars-Coronavirus-19 pandemic the customary Spring meeting was cancelled. Agendas for and approved Minutes of these meetings are posted to the District's website: www.salinasuhd.org.

Committee Responsibilities

Applicable California law states that the Committee shall actively review and report on the expenditures of school bond revenues raised under the provisions of Proposition 39. Specifically these responsibilities are listed in the Committee's Bylaws. In summary they include the following:

- Ensuring that Measure M and B bond funds are spent only as allowed by the Law.
- Reviewing copies of annual performance and financial audits.
- Inspecting projects financed by Measure B and M funds at school sites.
- Reviewing cost-saving efforts by the District to maximize the efficient use of bond funds.

- Reporting annually to the voters on the results of its activities.

Findings of the Committee

The Committee has received full cooperation and all data requested from the District for the facilitation of its review of the expenditure of Measures B and M funds as required by the Law.

The status of all the bond projects, as well as an accounting for fund expenditures and balances, may be found in Appendix 1 for Measure B and in Appendix 2 for Measure M. These appendices are attached to and made a part of this report.

Measure B project is the construction of High School #5, now named as Rancho San Juan High School and design and planning of the Mount Toro High School Child Care Development Center and Kitchen/MPR Building and is shown in Appendix 1.

Measure M projects include the construction of New Middle School #5, now named as the Dolores C. Huerta Middle School. This project has been completed through the approval process of the Division of the State Architect (DSA) and California Department of Education (CDE) plan approvals and offsite road and utility improvements to the new school site. The unsold remainder of the Measure M bonds (\$8,501,072) will eventually be sold to help finance this construction.

Measure W projects include improvements, modernizations, and new construction at both Middle and High School sites. As of this writing no sale of bonds has been completed against Measure W and the SUHSD Board of Trustees is currently assigning budgets and prioritizing the lengthy project list in accordance with the bond measure.

As of June 30, 2020 the cash balance of Measure M bond funds is \$4,161,298 and in Measure B funds it is \$42,480,683.85. These balances reflect initial bond sales, plus any refinancing bond sales, plus interest received on fund balances, held pending payments on projects, and less the costs to date of the projects. These cash balances, plus the revenue from the sale of the yet unsold Measure M bonds (\$8,501,072) will be used to complete the remaining uncompleted projects (including construction of a new middle school), the continued construction of Rancho San Juan High School Phase II Stadium and any of the Board approved projects for Measure B, to pay any legitimate bills outstanding on approved projects, and to expand projects where allowable under law and within the project definitions approved in the ballot measure specifications.

The Committee has reviewed periodic reports submitted by the District on the expenditures of Measures B and M funds, and has found no indication that any expenditures to date of Measures B or M funds were made in violation of the Law. No Measures M or B funds have been spent on salaries, operating expenses or projects not included in the Measures M and B specifications, and no administrative expenses have been charged to Measures M or B funds except as permitted by Law.

The Committee has reviewed the legally required performance audits for Measures M and Measure B by an independent third party (Eide Bailly, LLP) for the fiscal year ending June 30, 2019, the latest such audit reports available at this writing. In these performance audits a random sampling of the projects in progress during the audit period were examined, and, within these samples, the auditors found no violations of law in the expenditure of Measure B or Measure M funds. This audit has been accepted and approved by the District's Board of Trustees and by the Committee.

The financial audit of the District's financial condition, practices and accounting by an independent third party (Eide Bailly, LLP) for the fiscal year ending June 30, 2019 were the last financial audit reports reviewed by the Committee. Both the financial and performance audits statements and review of internal controls found no violations of law in the financial statements nor internal controls of Measure M and Measure B funds and that funds were expended only for the specific projects approved by the voters in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution.

The Committee continues to monitor the District's efforts to maximize efficiency and effectiveness in the expenditure of Measures M and B funds, and is satisfied that the District is spending those funds for achievement of the best long-term value to the District rather than simply contracting for the cheapest products.

Conclusions

This Measures M and B, "The Measures", Annual Report for the Fiscal Year ended June 30, 2019. Is submitted to the Board of Trustees by the Committee in accordance with Education Code Section 15278(b). The Committee advises to the best of its knowledge based on available information provided by the District, SUHSD is in full compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

Respectfully submitted for the Committee by

William Sullivan
Chairman
Bond Oversight Committee

SALINAS UNION HIGH SCHOOL DISTRICT
FACILITIES AND PLANNING
MEASURES BOND OVERSIGHT COMMITTEE
FUND BALANCE

MEASURE B

	District Adjusted Budget	Dist Paid Expenditures 5/31/2020	Current Expenditures to 06/30/2020	Distict Paid Total Expenditures to 06/30/2020	Project Balance
Rancho San Juan HS #5					
Phase I Construction/ Budget Adjustment	127,171,406.0	88,024,071.03	300,598.66	88,324,669.69	38,846,736.34

Administrative Cost

* Costs Include:	100,000.00	10,853.91		10,853.91	89,146.09
Bank Fees & Audits					
Consulting Fees					
Other Costs					

Bond Revenues
1st Bond Issuance: \$89,454,504.78
04/03/2020 \$37,716,901.25
Interest to Date: = \$ 2,875,314.81
Total Funds for Meas B: \$130,046,720.84

	87,566,036.99	
Interest not yet allocated		2,775,314.81
Actual Cash Balance		<u>42,480,683.85</u>

Bond Revenue - Expenditures= Actual Cash Balance
\$130,046,720.84 - \$87,566,036.99 = \$ 42,480,683.85

* Interest allocation is budget.

APPENDIX 1

6-30-20

* Interest allocation is budget.

**SALINAS UNION HIGH SCHOOL DISTRICT
NEW HIGH SCHOOL PHASE I CONSTRUCTION**

DESCRIPTION	MEASURE B 11/23/2015 ALLOCATION	BUDGET	EXPENDED	BALANCE
Measure B Bond Sale	127,171,406.03	127,171,406.03	88,324,669.69	38,846,736.34
Interest				
SITES - APPRAISAL		6,500.00	6,500.00	0.00
SITES - SURVEY		10,000.00	0.00	10,000.00
SITES - HAZARDOUS REMOVAL (RAW)		212,000.00	141,692.00	70,308.00
SITES - OTHER COSTS		158,172.53	179,977.43	-21,804.90
PLANS ARCHITECT		1,278,175.00	1,542,350.09	-264,175.09
PLANS - ARCHITECT OFF SITE U & R		30,000.00		
PLANS DSA		250,000.00	0.00	250,000.00
SCHOOL PLAN CHECK		75,000.00	59,710.00	15,290.00
PLANS PRETEST		5,000.00	3,025.00	1,975.00
PLANS OTHER		175,000.00	558,317.51	-383,317.51
CONSTRUCTION - PHASE 1 CONTRACT		79,576,008.00	82,778,181.88	-3,202,173.88
CONSTRUCTION - COs NOT IN CONTRACT		3,000,000.00	0.00	3,000,000.00
TESTING		1,000,000.00	967,327.64	32,672.36
INSPECTION		640,000.00	1,042,812.25	-402,812.25
FURNITURE & EQUIPMENT		2,500,000.00	2,065,272.49	434,727.51
CONTINGENCY		38,255,550.50		38,255,550.50

School Specialty	10/10/2019	12514000	2,309,487.88	4,574.87				4,574.87
School Specialty	10/10/2019	12514000	2,302,835.65	6,652.23				6,652.23
Technical Roof Services	10/10/2019	12514002	2,298,963.15	3,872.50			3,872.50	
Autom Engineers	10/10/2019	12513947	2,296,843.15	2,120.00			2,120.00	
JIVE Communication	10/15/2019	12514777	2,295,182.77	1,660.38				1,660.38
	10/22/2019	12516143	2,292,120.27	3,082.50				3,082.50
GL BALANCE	10/23/2019		2,292,120.27					
Val's Plumbing	10/24/2019	12510802	2,278,428.27	13,691.00			13,691.00	
GL BALANCE	10/31/2019		2,278,428.27					
Central Coast Signs	11/17/2019	12520255	2,275,838.31	2,580.96				2,580.96
Central Coast Signs	11/17/2019	12520255	2,266,612.54	9,206.77				9,206.77
Central Coast Signs	11/17/2019	12520255	2,265,852.98	7,719.56				7,719.56
Central Coast Signs	11/17/2019	12520255	2,258,387.19	7,465.79				7,465.79
Soudier Roofing	11/17/2019	12520363	2,241,451.13	16,936.06			16,936.06	
DTSC	11/12/2019	12521006	2,241,201.13	230.00				230.00
Tombleson Inc.	11/14/2019	12521065	1,843,387.46	397,213.97				397,213.97
School Specialty	11/19/2019	12522747	1,749,905.18	94,982.28				94,982.28
School Specialty	11/26/2019	12524465	1,740,330.72	8,674.46				8,674.46
PG Computers	11/17/2019	12525619	1,738,630.72	1,900.00				1,900.00
Kasavan Architects	12/17/2019	12529182	1,731,111.22	2,512.50				2,512.50
Kasavan Architects	12/17/2019	12529182	1,729,111.85	3,016.37				3,016.37
Kasavan Architects	12/17/2019	12529182	1,729,204.35	1,990.00				1,990.00
Tombleson Inc.	12/19/2019	12529848	1,698,032.44	31,171.91				31,171.91
Central Coast Signs	11/16/2020	12533144	1,697,457.44	575.00				575.00
Johnson Electric	11/16/2020	12533159	1,676,537.44	20,920.00				20,920.00
Underwood & Rosenblum	11/16/2020	12533183	1,675,675.44	862.00				862.00
School Specialty	12/3/2020	12534478	1,662,532.66	13,142.78				13,142.78
School Specialty	12/3/2020	12534478	1,653,688.53	8,843.13				8,843.13
School Specialty	12/3/2020	12534478	1,594,256.06	59,433.47				59,433.47
Technical Roof Services	1/30/2020	12536519	1,592,276.06	1,980.00				1,980.00
Deere & Company	2/6/2020	12538982	1,583,737.32	8,538.74				8,538.74
GL BALANCE	2/29/2020		1,583,737.32					
JIM Electric	3/10/2020	12545026	1,583,276.82	460.50			460.50	
GL BALANCE	3/31/2020		1,583,276.82					
IPEVO	4/2/2020	12550090	1,582,411.56	865.26				865.26
All Commercial Fence	4/2/2020	12550044	1,557,411.56	25,000.00			25,000.00	
Tombleson Inc.	4/2/2020	12550120	1,538,792.75	18,618.81				18,618.81
Measure B Funds from Counh	4/3/2020		39,255,694.00	37,716,901.25				
In Studio Archited	4/16/2020	12552158	39,254,819.00	875.00				875.00
GL BALANCE	4/30/2020		39,254,819.00					
CDW-G	5/7/2020	12555865	39,251,071.00	3,748.00				3,748.00
First Serve Productions	5/7/2020	12555885	39,175,071.00	76,000.00				76,000.00
First Serve Productions	5/7/2020	12555885	39,150,671.00	24,400.00				24,400.00
JIM Electric	5/14/2020	12555883	39,147,335.00	3,336.00				3,336.00
GL BALANCE	5/31/2020		39,147,335.00					
CDW-G	6/4/2020	12560337	39,139,386.32	7,948.68				7,948.68
HydroTurf	6/4/2020	12560372	39,138,714.39	671.93				671.93
In Studio Archited	6/4/2020	12560375	39,137,839.39	875.00				875.00
JIVE Communication	6/18/2020	12564817	39,136,068.32	1,771.07				1,771.07
WorkSpace Interior	6/18/2020	12564832	39,124,934.91	11,129.41				11,129.41
WorkSpace Interior	6/18/2020	12564832	39,092,427.56	32,511.35				32,511.35
WorkSpace Interior	6/18/2020	12564832	39,087,870.27	4,557.29				4,557.29
Earth Systems	6/18/2020	12564800	39,087,655.27	215.00				215.00
CDW-G	6/25/2020	12566469	39,086,249.77	1,405.50				1,405.50
CDW-G	6/25/2020	12566515	39,080,513.84	5,735.93				5,735.93
CDW-G	6/30/2020	12569057	39,077,102.86	3,410.98				3,410.98
CDW-G	6/30/2020	12569057	39,074,212.10	2,890.76				2,890.76
CDW-G	6/30/2020	12569057	39,073,875.97	336.13				336.13
CDW-G	6/30/2020	12569057	39,046,980.08	24,885.89				24,885.89
CDW-G	6/30/2020	12569057	39,046,890.08	90.00				90.00
Kasavan Architects	6/30/2020	PO19-04520	39,052,038.06					
Kasavan Architects	6/30/2020	12570306	39,049,238.83	2,771.25				2,771.25
Kasavan Architects	6/30/2020	12572233	39,046,977.83	2,591.00				2,591.00
Kasavan Architects	6/30/2020	12572233	39,045,186.83	917.00				917.00
Technical Roof Services	6/30/2020	12571243	38,847,485.83	275.00				275.00
Earth Systems	6/30/2020	GL20-0477	38,846,781.34	198,102.49				198,102.49
GL BALANCE	6/30/2020		38,846,781.34					
Earth Systems	6/30/2020	12572218	38,846,781.34	647.00				647.00
GL BALANCE	6/30/2020		38,846,781.34					

SALINAS UNION HIGH SCHOOL DISTRICT
MEASURE M FUND BALANCE

	District Adjusted Budget	Expenditures 03/31/2020	Current Expenses to 06/30/2020	Total thru 06/30/2020	Balance
New Middle School Site					
Land Acquisition/IMP	6,903,451	6,903,451	0	6,903,451	0
Site Costs Include:	558,491	560,491		560,491	-2,000
Site Surveys/other expenses					
legal fees, CEQA (environmental)					
Escrow, etc					
 Construction Phase	3,982,165				3,982,165
Planning/Design Fees	900,000	1,221,029	0	1,221,029	-321,029
Planning Other Costs (EIR,DSA,CDE,TEST)	688,058	571,759	-	571,759	116,299
	13,032,165	9,256,729	0	9,256,729	3,775,436
 Administrative Cost					
Costs Include:	100,000	80,018	1,500	81,518	18,482
Bank Fees & Audits					
Election Expenses					
Consulting Fees					
Other Costs					
	13,132,165	9,336,748	1,500	9,338,248	3,793,918

Interest thru 06/30/2020 367,380

Cash Balance at 06/30/2020 4,161,298

**SALINAS UNION HIGH SCHOOL DISTRICT
NEW MIDDLE SCHOOL SITE**

DESCRIPTION	MEASURE M BOND	CUMULATIVE	EXPENDED	BALANCE
Beginning Budget	6,200,000.00	13,032,165.00	9,256,729.06	3,775,435.94
Budget Adjustment 06/2010	2,850,000.00			
Budget Adjustment 10/31/17	3,982,165.00			
 SITE CONSULTANT		31,934.43	31,934.43	0.00
SITE SURVEY		181,569.32	181,569.32	0.00
SITE PURCHASE		6,990,000.00	6,903,451.00	86,549.00
SITE ESCROW		135,200.00	135,200.00	0.00
SITE OTHER COSTS		364,981.88	372,707.13	-7,725.25
 PLANS ARCHITECT		900,000.00	1,221,028.01	-321,028.01
PLANS DSA		150,000.00	369,250.00	-219,250.00
SCHOOL PLAN CHECK		25,000.00	350.00	24,650.00
PLANS PRETEST		50,000.00	41,239.17	8,760.83
PLANS SURVEY		25,000.00	0.00	25,000.00
PLANS OTHER COSTS		50,000.00	0.00	50,000.00
 CONSTRUCTION		3,982,165.00		3,982,165.00
 SITE UTILITIES		0.00		0.00
 CONTINGENCY		146,314.37		146,314.37

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