

SALINAS UNION HIGH SCHOOL DISTRICT
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
for THE MEASURES

**ANNUAL REPORT TO THE VOTERS for 2020/21
DECEMBER 13, 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:

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, second term expires March 31, 2023.

Dean Callender, Business Representative, first term expires March 31, 2023.

Vacant, Community at Large

Vacant, Taxpayers' Representative

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.

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

The Committee met twice in January and December of 2021. Agendas for and approved Minutes of these meetings are posted to the District's website: www.salinasuhsd.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, B and W bond funds are spent only as allowed by the Law.
- Reviewing copies of annual performance and financial audits.
- Inspecting projects financed by Measure M, B and W 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 Rancho San Juan High School, Alisal High and Salinas High 2 Story Classroom Buildings and are 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 Decemer 1, 2021 the cash balance of Measure M bond funds is \$4,156,315 and in Measure B funds it is \$36,282,909. 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

Measures M and B, "The Measures", Annual Report for 2021 ending December 1, 2021. 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 7/1/2020	Current Expenditures to 06/31/2021	Distict Paid Total Expenditures to 06/30/2021	Project Balance
Rancho San Juan HS #5	127,171,406.03	90,251,159.76	4,740,543.94	94,991,703.70	32,179,702.33
AHS 2 Story Bldg Project					
SHS 2 Story Bldg Project					

Administrative Cost					
Costs Include:	100,000.00	21,394.91	11,874.00	33,268.91	66,731.09
Bank Fees & Audits					
Consulting Fees					
Other Costs					

FY Fund Exp 4,752,417.94

			Total Fund Exp	94,255,486.00
1st Bond Issuance:	\$	89,454,504.78		
2nd Bond Issuance:	\$	37,716,901.25	Interest not yet allocated	3,199,412.14
Interest to Date:	\$	3,299,412.14	Revenue Adjustments PY	67,577.27
Revenue Adjustment 6/30/21	\$	67,577.27		
Total Funds for Meas B:	\$	130,538,395.44	Actual Cash Balance	36,282,909.44

Bond Revenue - Expenditures= Actual Cash Balance
\$130,538,395.44 - \$94,255,486.00 = \$36,282,909.44

12-11-21

Interest allocation is budget.

SALINAS UNION HIGH SCHOOL DISTRICT
MEASURE M FUND BALANCE

	District Adjusted Budget	Expenditures 6/30/2021	Current Expenses to 12/01/2021	Total thru 12/01/2021	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	85,664		85,664	14,336
Bank Fees & Audits					
Election Expenses					
Consulting Fees					
Other Costs					
	13,132,165	9,342,394	0	9,342,394	3,789,771

Interest thru 12/01/2021 412,107

Cash Balance at 12/01/2021 4,201,878