

1 SALINAS UNION HIGH SCHOOL DISTRICT  
2 INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE  
3 for SCHOOL BOND MEASURES F & M  
4

5 **ANNUAL REPORT TO THE VOTERS for 2012**  
6 **December 12, 2012**  
7

8 Executive Summary  
9

10 The Oversight Committee, reformed in 2010 to include both bond measures M and F, has  
11 reviewed all available data on the expenditures of the bond funds, and found that none of the  
12 funds were spent on projects not included in the bond measure specifications nor for any  
13 expenses not allowed under the law.  
14

15 Background  
16

17 In May of 2010 the separate oversight committees for Measure F and Measure M were combined  
18 to a single committee, as is allowed in state law and as was approved by each of the committees  
19 independently and by the Trustees of the Salinas Union High School District. This report is  
20 issued by the combined committee.  
21

22 Measures F and M, both general obligation school bond measures, were passed in March of 2002  
23 and November of 2002, respectively, by the voters of the Salinas Union High School District  
24 (hereinafter "District") in accordance with Proposition 39. The funds raised by Measure F are  
25 dedicated specifically to the repair, maintenance, physical improvement and expansion of the  
26 District's high schools (including purchase of a site for a new high school) and the Salinas Adult  
27 School. Funds raised by Measure M are dedicated specifically to the repair, maintenance,  
28 physical improvement and expansion of the District's middle schools, and purchase of a site for  
29 and construction of a new middle school.  
30

31 The Committee  
32

33 Under Proposition 39, applicable implementing legislation relating thereto, and the California  
34 Education Code (together hereinafter "Law"), the District was required to establish a Citizens'  
35 Oversight Committee for each of the bond measures. This was done in 2002, and the committees  
36 were combined (hereinafter the "Committee") in 2010 as indicated above. The Law and the  
37 Committee's current Bylaws (available for viewing on the District's website:  
38 [www.salinas.k12.ca.us](http://www.salinas.k12.ca.us)) set forth the required membership of the Committee. All Committee  
39 members serve for fixed two-year terms.  
40

41 The Bylaws of the separate committees were melded and amended during 2010 to combine the  
42 committees and to adjust the Committee membership. As of this report, the Committee consists  
43 of the following members:  
44

- 45 Diane Ausonio, Business Representative, current term expires 5/31/14.
- 46 Richard Giffin, Taxpayers' Representative, current term expires 5/31/14.
- 47 John Musni, School Site Council Member, Vice Chairman, current term expires 5/31/13.
- 48 Margie Martin, Parent Representative, current term expires 5/31/14.

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- 49 Emily Mercado, Parent Representative, current term expires 5/31/14.  
50 Janet Collins, Seniors Representative, current term expires 5/31/14.  
51 Michael T. Payne, Community at Large, Chairman, current term expires 5/31/14.  
52 Anna Smithey, Community at Large, current term expires 5/31/13.  
53 Marvin Wolf, Community at Large, current term expires 5/31/13.  
54

55 As of the date of this report, all positions on the Committee required by the Law are occupied.  
56 The Committee's Bylaws allow for up to four additional members if there are eligible  
57 community members interested in serving and if they are appointed by the Trustees.  
58

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

- 60 Tim Vanoli, Superintendent, Salinas Union High School District.  
61 Karen Luna, Manager of Maintenance, Facilities and Planning, Salinas Union High  
62 School District.  
63 Lisa Gonzales, secretary of the Salinas Union High School District Business Services  
64 Department and administrative assistant to the Committee.  
65

66 The Committee met two times in 2012. Agendas for and approved Minutes of these meetings  
67 are posted to the District's website: [www.salinas.k12.ca.us](http://www.salinas.k12.ca.us).  
68

69 Committee Responsibilities  
70

71 Applicable California law states that the Committee shall actively review and report on the  
72 expenditures of school bond revenues raised under the provisions of Proposition 39. Specifically  
73 these responsibilities are listed in the Committee's Bylaws. In summary they include the  
74 following:  
75

- 76 • Ensuring that Measure F and M bond funds are spent only as allowed by the Law.
  - 77 • Reviewing copies of annual performance and financial audits.
  - 78 • Inspecting projects financed by Measure F and M funds at school sites.
  - 79 • Reviewing cost-saving efforts by the District to maximize the efficient use of bond funds.
  - 80 • Reporting annually to the voters on the results of its activities.
- 81

82 Findings of the Committee  
83

84 The Committee has received full cooperation and all data requested from the District for the  
85 facilitation of its review of the expenditure of Measures F and M funds as required by the Law.  
86

87 The status of all the bond projects, as well as an accounting for fund expenditures and balances,  
88 may be found in Appendix 1 for Measure F and in Appendix 2 for Measure M. These  
89 appendices are attached to and made a part of this report.  
90

91 As of this date, only one Measure F project, Plans and Specifications for the New High School,  
92 remains to be completed. The work on the Restrooms/Concessions Building at North Salinas  
93 High has been completed but there is still a balance in its budget because some final payments to

94 the contractors involved are presently held up in bankruptcy court action. The Construction of  
95 the new high school was not included in the Measure F specifications, and a new bond measure  
96 will eventually be required to finance construction.

97  
98 Only three Measure M projects, purchase of a site for the new middle, site costs associated with  
99 that purchase, and its construction, remain to be completed. The latter is not shown in Appendix  
100 2 yet because it has not yet been scheduled. The unsold remainder of the Measure M bonds  
101 (\$8,501,072) will eventually be sold to help finance this construction.

102  
103 All completed Measure M and F projects have been accomplished at or below budget and on  
104 time except for some brief weather delays.

105  
106 As of this date the cash balance in Measure F funds is \$2,418,866 and in Measure M funds it is  
107 \$12,646,736. These balances reflect initial bond sales, plus refinancing bond sales, plus interest  
108 received on fund balances held pending payments on projects, less net investment losses (see  
109 notes in Appendices 1 and 2), and less the costs to date of the projects. These cash balances, plus  
110 the revenue from the sale of the yet unsold Measure M bonds (\$8,501,072), will be used to  
111 complete the remaining uncompleted projects (including construction of a new middle school),  
112 to pay any legitimate bills outstanding on approved projects, and to expand projects where  
113 allowable under law and within the project definitions approved in the ballot measure  
114 specifications.

115  
116 The Committee has reviewed periodic reports submitted by the District on the expenditures of  
117 Measures F and M funds, and has found no indication that any expenditures to date of Measures  
118 F or M funds were made in violation of the Law. No Measures F or M funds have been spent on  
119 salaries, operating expenses or projects not included in the Measures F and M specifications, and  
120 no administrative expenses have been charged to Measures F or M funds except as permitted by  
121 Law.

122  
123 The Committee has reviewed the legally required performance audits for Measures F and M  
124 (performed by Perry-Smith LLP, CPA, an independent third party) for the year ending June 30,  
125 2011, the latest such audit reports available at this writing. In these performance audits a random  
126 sampling of the projects in progress during the audit period were examined, and, within these  
127 samples, the auditors found no violations of law in the expenditure of Measures F or M funds.  
128 This audit has been accepted and approved by the District's Board of Trustees and by the  
129 Committee.

130  
131 The financial audit of the District's financial condition, practices and accounting by an  
132 independent third party (Perry-Smith LLP, CPA) for the fiscal year ending June 30, 2012 was  
133 not available to the Committee as of the date of this report, but the Committee sees no reason to  
134 assume it will be anything but satisfactory, as was the last financial audit report reviewed by the  
135 Committee for the fiscal year ending June 30, 2011.

136  
137 The Committee continues to monitor the District's efforts to maximize efficiency and  
138 effectiveness in the expenditure of Measures F and M funds, and is satisfied that the District is

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139 spending those funds for achievement of the best long-term value to the District rather than  
140 simply contracting for the cheapest products.

141

142 Conclusions

143

144 The District appears to be in full compliance with the Law with respect to the use of Measures F  
145 and M bond funds. Further, the District appears to be spending Measures F and M bond funds  
146 effectively and efficiently.

147

148 Respectfully submitted for the Committee by

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151 Michael T. Payne, Chairman