



MEASURE G OVERSIGHT COMMITTEE

MINUTES
November 30, 2017

Members Present:

Kirk Bell
Carlos Cojulun
Lesli Kraut
Kristen Pifko

Members Absent:

Britta Grubin
Charlotte Meyer
Steve Schulz

Staff:

Kristine Torres – Director of Accounting

Guest:

Kevin Brejnak – Nigro & Nigro PC

The meeting was called to order at 6:03 p.m.

Measure G Audit Report

Mr. Brejnak presented the Measure “G” General Obligation Bond Audit Report for the fiscal year end June 30, 2017. He explained that Nigro & Nigro conducted a performance audit. Mr. Brejnak stated that the audit opinion is unmodified and indicated that meant there were no material misstatements. He added that the Notes to the Financial Statements included detailed explanations regarding the audit. Mr. Brejnak stated that there were expenditures of approximately \$1.6M and that there was \$89K of interest earnings during the 2016-17 fiscal year.

Mr. Brejnak explained that the auditors look at how the system operates and to make sure safeguards are in place. He went on to state that there were no findings. Mr. Bell asked for clarification regarding the safeguards. Mr. Brejnak answered that the auditors look at the front and back end of the bidding procedures to make sure there is no collusion with vendors. Mr.

Brejnak explained that the oversight committee role is to look at the expenditures to review whether they are appropriate, and that the auditors look at the process. Ms. Pifko added that auditors look at both the payments and bid documents. Mr. Brejnak indicated that the auditors look to see if the most qualified lowest bidder was awarded the project, and if that is not the case to ask why not. He continued that the auditors also make sure that any change orders have been approved by the Board of Education.

Ms. Kraut asked about the amortization of the bonds expended and if the taxes would go up. Mr. Brejnak answered that there is an estimated growth in property values. He noted that the value limit per the bond measure is \$60/\$100,000 assessed value. Ms. Kraut asked if that was a cap required by the county assessors office. Mr. Brejnak responded that the cap is based on the ballot language for the Measure.

Mr. Cojulun stated that typically districts wait to issue additional bonds until they are ready to spend the funds so that the districts are not holding onto interest. Mr. Brejnak explained that by waiting until the funds are needed that it saves local residents future debt payments. Ms. Kraut asked how many invoices the audit team reviewed. Mr. Brejnak indicated that they conduct a review based on a percentage of the total number of purchase orders.

On motion of Mr. Bell, and seconded by Ms. Pifko, the committee accepted the audit report.

Review of Minutes

The committee reviewed the minutes from the meeting held on September 7, 2017. On motion of Ms. Kraut, and seconded by Mr. Bell, the committee approved the minutes.

Measure G District Summary Report

Ms. Torres presented the summary report to the committee. She explained that there is \$9.6M in unissued bonds available. The current balance is \$5.4M. Ms. Torres stated that there is \$10.8M in bonds reserved for future expenses and the current position net of reserved items is a (\$5.4M). She reviewed the allocation by site and category. Mr. Cojulun noted that the architect related charges had been moved from the District Office report to Lupin Hill Elementary School since the architecture fees are for the Lupin Hill Project. The committee asked that the description be modified to read "Correction - Construction Management" instead of "Moved from District Office". Ms. Kraut questioned the purpose of the rubbish contractor. Ms. Pifko responded that all of the modular buildings on the lower campus of Lupin Hill had been removed and that it was likely costs to clean up that area after the modular buildings were hauled away. Ms. Torres explained that the consultant listed under the White Oak encumbrances was for a consultant, which is assisting the district in seeking state matching funds for projects going back roughly 20 years. Ms. Torres indicated that the cost for Lin and Wu at Bay Laurel was to cover the fees associated with Division of State Architect (DSA) review. The committee asked that the description be changed to more accurately reflect the purpose of the charges. The committee agreed that the costs for MJP Computers should remain at the District Office.

Measure G Project Update

The committee was informed that the turf projects at both high schools are complete. Additionally, the committee heard that Phase 1 of the Lupin Hill Project has received approval from the DSA. Phases 2 and 3 would be combined into a single phase, which is currently being reviewed by the DSA. Ms. Kraut asked when the parking lot would be redone for the Lupin Hill

Project. Ms. Torres responded that it would likely be done in the fall of 2019 depending upon the phasing.

Annual Report to the Board of Education

Mr. Cojulun suggested that he would review the report and then send any updates to the committee for review. All updates would be provided to the District and then the final report will be presented to the Board of Education during the January 9, 2018 board meeting.

Next Meeting:

The next meeting will be held on Thursday, April 26, 2018 at 6:00 p.m. in the District Office Cabinet Room.

The meeting adjourned at 6:56 p.m.