Hacienda La Puente Unified School District

Citizens' Bond Oversight Committee 2019 ANNUAL REPORT

For

Measure BB

Submitted to: Hacienda La Puente Unified School District Board of Trustees

May 2020

Message from the Citizens Bond Oversight Committee (CBOC) Chair

The Citizens Bond Oversight Committee (CBOC) is pleased to provide its 2nd annual report on Measure BB passed by the voters in November 2016 for $144 million. The CBOC members appointed by the Board of Trustees primary responsibilities are; to ensure that bond expenditures are aligned with the bond language in Measure BB, report on the bond progress annually to the public and provide a compliance statement.

CBOC which is comprised of eight members representing the required legislative positions, have all participated in discussions throughout the year assuring transparency and accountability for the bond measure.

Charlie Klinakis – Tax payers organization
Neal Norborio - Parent or guardian of a student in the District and actively involved in parent-teacher organization
Savina Low – Parent or guardian of a student in the District
Louis Perez – Active member in a senior citizens organization
Olivia Roberts – At large member
Reina Sanchez – At large member
Margarita Sudjono – Member active in a business organization representing the business interests of the District

The following report summarizes bond activities for July 2018 through June 2019 and includes Measure BB financial information.

I am thankful for the commitment of the CBOC members and appreciate the engaging discussions and questions during the meetings. Their attendance and participation in the meetings is a testament for the desire to have an effective bond program that ensures responsibility to the community.

Sincerely,

Leticia Covarrubias
CBOC Chair

Hacienda La Puente Unified School District

Citizens' Bond Oversight Committee

2019 Annual Report

HPLUSD CBOC Committee

Leticia Covarrubias – Chair

Oliva Roberts – Co Chair

Charlie Klinakis

Neal Norborio

Savina Low

Louis Perez

Reina Schmitz

Margarita Sudjono

The CBOC has 8 authorized members.

The State of California requires Citizens' Bond Oversight Committees to inform the public and taxpayers concerning the Proposition 39 (55% local school bond measures) expenditures and use of bond funds at least once a year.

To support bond accountability and transparency

This is the Hacienda La Puente Unified School District's Citizens' Bond Oversight Committee (CBOC) Annual Report 2019

Contacting the CBOC

Hacienda La Puente Unified School District

For more information or if you have any questions, please contact Lelia Gonzalez at (626) 933- 3820 or ldavidson@hlpusd.k12.ca.us

Report Contents Summarized

The Purpose of this Report

The State of California requires Citizens' Bond Oversight Committees (CBOCs) to inform the public and taxpayers concerning the expenditures and use of bond funds at least once a year. This is Hacienda La Puente Unified School District's (HLPUSD's) CBOC Annual Report 2019.

Annual Statement Compliance Requirement

CBOC is required to provide a statement indicating whether the District is compliance with the requirements of Article XIIIA, Section 1(B)(3) of the California constitution.

CBOC has determined that the District has complied with the above section requirements.

The Focus of this Report

This report covers CBOC activities related to HLPUSD's bond fund which took place during fiscal year 2019. Historic context leading up to fiscal year 2019 activities or subsequent events which took place after 2019, are included only as needed to explain and give context to activities and/or events.

The Organization of this Report

Following background information about Measure BB and CBOC oversight committee, the main body of this report is organized into five sections pertinent to 2019:

- CBOC activities and reports reviewed
- The use of bond funds through fiscal year ending June 30, 2019 and the bond program financial status
- CBOC summary of the progress for District Bond Program
- HLPUSD bond audit report and the CBOC's Annual 2019 Compliance Statement, legally required

Measure BB Background Information

The Hacienda La Puente Unified School District bond program, funded by Measure BB is a $148 million general bond obligation passed by the board on August 11, 2016. The voters approved the measure at the November 2016 elections.

Measure BB voter approved expenditures

"To upgrade/repair all neighborhood school classrooms and retain/attract quality teachers by renovating all science, technology, engineering, art/math labs/classrooms, and athletic facilities; ensuring drinking water safety; repairing, constructing, equipping/acquiring educational facilities to prepare students for college and 21st century vocational jobs/careers, shall Hacienda La Puente Unified School District issue up to $148,000,000 in bonds at legal rates, requiring audits, citizens' oversight, no money for administrators' salaries, and all funds"

Proceeds from sale of bonds authorized by the Measure shall be used **only** for the purposes specified in the Measure, including but not limited to:

- Repairing or replacing roofs, floors, plumbing, and electrical systems;
- Upgrading classroom technology;
- Repairing classrooms and school buildings;
- Providing and maintaining up-to-date technology infrastructure;
- Repairing athletic facilities and infrastructure;
- Automating fire alarm systems,
- Repairing fire safety equipment, and adding sprinklers and fire safety doors;
- Upgrading and installing security systems, such as security lighting, fencing, smoke detectors, and fire alarms;
- Upgrading emergency communication systems;
- Installing energy-efficient systems;
- Improving heating, ventilation, air-conditioning, and lighting systems, doors, and windows to increase energy efficiency;
- Upgrading and expanding wireless systems, telecommunications, and Internet and network connections;
- Upgrading electrical wiring, data networks, and broadband;
- Upgrading and replacing computers, hardware, and infrastructure systems, classroom and library technology, and teaching equipment.

Bond proceeds may not be expended on teacher and administrator salaries and other operating expenses.

CBOC Background Information

Roles & Responsibilities of CBOC

The committee's role is to review and report on district spending of taxpayers' money for authorized expenditures per bond Measure. The oversight committee's purpose is to provide a public accounting of the district's bond expenditures and report to the community whether the District complies with bond expenditure requirements. Committee members are from the community and appointed by the Governing Board.

Primary duties

- ✓ Review bond expenditures to ensure that proceeds have been expended for the purpose set forth in Measure BB.
- ✓ Inform the Public concerning the districts expenditures of bond proceeds.
- ✓ Present to the districts governing board an annual report of the committees proceedings and activities of the previous year.
- ✓ Provide a statement indicating whether the district is in compliance with bond requirements.

CBOC membership involves the following

- A two-year term. Members in good standing are eligible for up to three consecutive two-year terms.
- Attendance at four quarterly meetings per year. Meeting dates are identified at the start of each year, and generally run between 60-90 minutes.
- Participation in periodic campus facilities tours to view construction projects in progress.
- The District CBOC committee is comprised of at least 9 members and is appointed by the Governing Board.

CBOC bylaws

The HLPUSD adopted CBOC bylaws to clearly identify the oversight committee purpose, duties, activities, membership and other conditions. The bylaws are attached as an appendix to this report. All CBOC meetings and the oversight members comply with the *Ralph M. Brown Public Meetings Act.*

CBOC Activities

CBOC members participated in quarterly meetings held on September 5, 2018, December 5th, 2018, March 6th 2019 and June 5th, 2019. The agenda's are attached as an appendix to this report.

During the fiscal year July through June 2019, the committee members reviewed numerous reports; including non-bond projects (reports in appendix), cost savings measures, financial information (reports in appendix), agreements related to bond program (agreements in appendix), and Audit Report for fiscal year ending June 30, 2019.

CBOC members engaged in discussions generating questions that provided transparency and accountable for the bond program

CBOC Reports Reviewed

HLPUSD staff provided the following reports for CBOC review:

- ✓ Expenditures and revenue reports to date
- ✓ School site enrollment projections
- ✓ Estimated bond project costs per phase, per site, per classroom
- ✓ Design guidelines
- ✓ Classroom assessment reports
- ✓ IRS compliance for Tax Exempt Government Bonds - Pub 4079
- ✓ Scope of Work for portable buildings, construction and architects
- ✓ Bond Phases 1 and 2 project timeline duration
- ✓ Bond Financial Audit Report for fiscal year end June 30, 2019
- ✓ Non-bond site improvement ongoing projects and completed projects

All CBOC reports are available for viewing on the Hacienda La Puente USD website. The link to CBOC information is https://hlpusd-ca.schoolloop.com/cboc

Use of Bond Funds

Measure BB authorized bond expenditures to repair and upgrade classrooms to prepare students for the 21st century. The expenditures listed in the measure are included in Measure BB section of this report on page 5 and included as an appendix to this report.

Below are the revenues and expenditures related to the bond project for fiscal year end June 30, 2019.

	Measure "BB"
REVENUES	
Interest earnings	$ 1,481,183
Other state revenues	2,620
Total Revenues	1,483,803
EXPENDITURES	
Current:	
STRS on-behalf	2,620
Plant services	5,452
Capital outlay	359,456
Total Expenditures	367,528
Net Change in Fund Balance	1,116,275
Fund Balance, July 1, 2018	70,421,476
Adjustments for restatements (Note 6)	325,669
Fund Balances, Beginning of Year, Restated	70,747,145
Fund Balance, June 30, 2019	$ 71,863,420

Bond Program Financial Status

The District issued 1st bond series in June 2017. The bond fund balance as of June 30, 2019 was $72,052,721.

	Measure "BB"
ASSETS	
Cash	$ 71,660,038
Accounts receivable	392,683
Total Assets	$ 72,052,721
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	$ 189,301
Fund Balance	
Restricted for capital projects	71,863,420
Total Liabilities and Fund Balance	$ 72,052,721

Outstanding General Obligation Bonds

The outstanding general obligation bonds of Measure "BB", Series A at June 30, 2019 are: $65,155,000.

The requirements to amortize outstanding general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2019-2020	$ 5,460,000	$ 2,711,975	$ 8,171,975
2020-2021	1,800,000	2,594,075	4,394,075
2021-2022	-	2,558,075	2,558,075
2022-2023	235,000	2,553,375	2,788,375
2023-2024	320,000	2,542,275	2,862,275
2024-2029	3,170,000	12,358,800	15,528,800
2029-2034	6,855,000	11,181,275	18,036,275
2034-2039	10,895,000	9,380,694	20,275,694
2039-2044	16,845,000	6,068,869	22,913,869
2044-2048	19,575,000	1,634,300	21,209,300
Total	$ 65,155,000	$ 53,583,713	$ 118,738,713

District Bond Progress
June 30th 2019

Interim Housing **-** The District purchased interim housing for Phases 1 & 2. The purpose for the interim housing is to provide temporary classrooms during modernization.

Design Guidelines **-** The District approved design guidelines which defined what is included in a 21st century classroom by grade level. Design guidelines are specified for technology, furnishings, flooring and budgetary cost projections.

Assessments – The District conducted an assessment for every classroom. The purpose for the assessments was to identify what was currently in the classroom and to obtain measurements for designing the 21st classroom.

Architect Site Visits & Drawings – The Architects completed site visits and as-built drawings were reviewed.

Preliminary Scope of Work Defined and Cost **–** The District defined the preliminary scope of work and cost estimation for construction phase.

RFP's and Proposals **-** The District completed the request for proposals and negotiations for architectural services for 12 projects at 8 schools.

A timeline for the bond project is included in the appendix to this annual report.

Throughout the year, CBOC members expressed the urgency for the District to meet the required timeline for spending the bond issued funds. The District assured CBOC members that the timeline would be met and the District is projected to comply with spending at least 85% of series A issuance by June 2020.

HLPUSD AUDIT REPORT

The District is subject to two annual audits of the bond program. The audits are performed by independent auditing firms contracted by the District according to published standards and guidelines.

The 2019 audit report combining both financial and performance audit are in the appendix.

Prop 39 requires a basic performance audit to determine whether:

- ✓ Use of bond funds is restricted to construction, furnishings and equipment.
- ✓ Bond funds are spent only on Listed Projects from their ballot measures.

The audit report reflects District compliance.

CBOC COMPLIANCE STATEMENT

Based on the audit report, including activities reported by the District, the CBOC oversight committee has verified that the District is compliance with the requirements of Article XIIIA, Section 1(B)(3) of the California constitution.