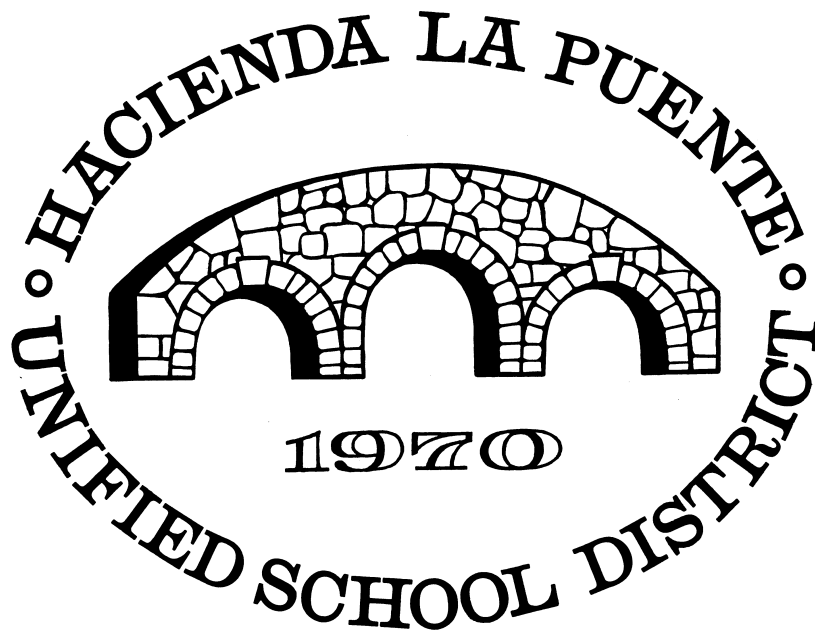


Hacienda La Puente Unified School District



Citizens' Bond Oversight Committee 2018 ANNUAL REPORT

For

Measure BB

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

January 2019

Message from the Citizens Bond Oversight Committee (CBOC) Chair

It has been a privilege serving as the Chair of the Citizens' Bond Oversight Committee (CBOC) for 1st term of Measure BB. Most importantly, it has been my pleasure serving with eight amazing CBOC members who comprise the legislative required positions. I appreciate their attending quarterly meetings, their input into discussions and their commitment to assure transparency and compliance that protects the integrity of the bond program.

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

Although this first annual report reflects nominal bond expenditures, the CBOC committee spent numerous hours visiting school sites in phases 1 and 2, and reviewing dozens of reports and data that provided relevant information for bond transparency and accountability.

The first year CBOC primarily focused on understanding roles and responsibilities, legal requirements and identifying reports that provide useful data. As we moved forward to the second year, members evaluated and assessed data leading to questions addressed to the Governing Board as the District progresses with the bond project.

CBOC's accomplishments included adopting CBOC best practices, visiting school sites, reviewing reports and engaging in relevant discussions that are central to effective use of bond funds.

The following report summarizes activities conducted by CBOC oversight committee that helps support bond accountability and transparency for the upcoming years.

Lastly, I would like to acknowledge and thank District personnel who have also spent countless hours and resources to effectively and efficiently manage a bond project. I'm very pleased to share that our District audit report reflects compliance.

Sincerely,



Leticia Covarrubias
CBOC Chair

Hacienda La Puente Unified School District
Citizens' Bond Oversight Committee
2018 Annual Report

HLPUSD CBOC Committee

Leticia Covarrubias – Chair

Oliva Roberts – Co Chair

Henry Huang

Charlie Klinakis

Savina Low

Joe Moore

Neal Noborio

Louis Perez

Margarita Sudjono

Adria Ybarra

Reina Schmitz

The CBOC has 11 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.

Annual Report 2018

CBOC activities March 2017 through December 2018

Financial activities March 2017 through June 2018

Audit Report for Fiscal Year end June 30, 2018

To support bond accountability and transparency

This is the Hacienda La Puente Unified School District's Citizens' Bond Oversight Committee (CBOC) Annual Report 2018.

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 (HLPUD's) CBOC Annual Report 2018.

Annual Statement Compliance Requirement

CBOC is required to provide a statement indicating whether the District is compliance with the requirements of Article XIII A, 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 2018. Historic context leading up to fiscal year 2018 activities or subsequent events which took place after 2018, 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 2018:

- CBOC activities and reports reviewed
- The use of bond funds through fiscal year ending June 30, 2018 and the bond program financial status
- CBOC summary of the progress for District Bond Program
- HLPUSD bond audit report and the CBOC's Annual 2018 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 committee's 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. All CBOC meetings and the oversight members comply with the *Ralph M. Brown Public Meetings Act*. Above mentioned bylaws can be accessed via the following [link](https://hlpusdk12caus-my.sharepoint.com/:b:/g/personal/facilitiesbond_hlpusd_k12_ca_us/EeozlBaW9c9OpIlgBUS-K1QB6KYCbIDKFMUtTPGrrVk-yw?e=DkBhYy):

https://hlpusdk12caus-my.sharepoint.com/:b:/g/personal/facilitiesbond_hlpusd_k12_ca_us/EeozlBaW9c9OpIlgBUS-K1QB6KYCbIDKFMUtTPGrrVk-yw?e=DkBhYy

CBOC Activities

- Members participated in 6 meetings (agenda's in appendix) through fiscal year ending June 30, 2018.
- School site visits; Grandview College Prep (K-8), Sparks MS, Newton MS, Cedarlane Academy, Mesa Robles (K-8), Los Altos (ES), Nelson and Workman (ES)
- Reviewed financial information and numerous reports, including non-bond projects. Such submitted documents can be accessed via the following [link](#):

https://www.hlp schools.org/pf4/cms2/view_page?d=x&group_id=1522480830219&vdid=ih34ff1i5trt83nq

- Reviewed cost savings measures
-
- Engaged in discussions generating questions relevant to the bond program
- Received agreements between the District and on-board architects, related to bond program. Copies of the agreements can be accessed via the following [link](#):

https://hlpusdk12caus-my.sharepoint.com/:f:/g/personal/facilitiesbond_hlpusd_k12_ca_us/Elx8dAw-JmpBjmlL1Sp7b04B96jDJ8diYx8oY-eKKOLccg?e=HUnGEb

- Received Audit Report for fiscal year ending June 30, 2018. Such reports can be access via the following [link](#):
https://hlpusdk12caus-my.sharepoint.com/:b:/g/personal/facilitiesbond_hlpusd_k12_ca_us/EWh4d9qwEy9CqU1QnNF3bdAB0LcAAedwEMyjqz0Jf0w8g?e=O9m54e

CBOC Reports Reviewed

HLPUSD staff provided the following reports for CBOC review:

- ✓ Expenditures and revenue reports to date
- ✓ Estimated bond project costs per classroom
- ✓ Bond Phases 1 and 2 project timeline duration
- ✓ Bond Financial Audit Report for fiscal year end June 30, 2018
- ✓ Non-bond site improvement ongoing projects and completed projects

Use of Bond Funds

Measure BB authorized bond expenditures to repair and upgrade classrooms to prepare students for the 21st century. The allowed 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, 2018.

REVENUES - Interest	\$	732,861
Total revenues		<u>732,861</u>
EXPENDITURES		
Attorney fees		1,064
Architect & Engineering fees		19,571
Issuance costs		<u>465,750</u>
Total expenditures		<u>486,385</u>
Excess revenue over expenditures		<u>246,476</u>

Bond Program Financial Status

The District issued 1st bond series in June 2017. The bond fund balance as of June 30, 2018 was \$70,421,476.

Issuance of debt - GO bonds	\$	70,000,000
Premiums on issuance		<u>175,000</u>
Total sources for uses		<u>70,175,000</u>
Net change in fund balance available		70,421,476

CBOC Summary of District Bond Progress

As of June 30 2018, the District remains in the planning phase. CBOC received Phase 1 and 2 project planning timeline. The District estimates that all planning will be finalized June 2020.

Bond project Phase 1 and Phase 2 schools were identified as; Los Altos (ES), Mesa Robles, Newton, Grandview, Nelson, Sparks, Workman (ES) and Cedarlane and billboards were installed.

District issued purchase orders for design guidelines and architectural services for 21st Century Classrooms at Grandview, Workman (ES), Mesa Robles, including interim housing at Mesa Robles.

Building assessments completed at all schools:

Project budgets were prepared for Phase 1 and 2 school sites, including the cost for interim housing (portable classrooms). The estimated project costs are reflected as follows:

School	Est# of Classrooms	Total Per Site
Cedarlane	26	4,565,945
Grandview	27	3,482,356
Los Altos (ES)	19	3,536,875
Mesa Robles	39	6,156,686
Nelson	20	2,704,607
Newton	25	4,431,617
Sparks	19	2,608,140
Workman (ES)	23	3,034,117
Total	198	30,520,343

Draft Design Guideline documents have been reviewed. Such documents can be accessed via the following [link](#):

https://hlpusdk12caus-my.sharepoint.com/:f:/g/personal/facilitiesbond_hlpusd_k12_ca_us/Eg5ZbnBC-FAtokY_TTq_FgBgwMYfcbAkOuyLxYf6Shdeg?e=9Aefdn

HLPUSD FINANCIAL AUDIT REPORT

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

HLPUSD Fiscal Year 2017-2018 Financial audit report is included in this report, addressed above. The audit report combines both financial and performance audit.

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 in compliance with the requirements of Article XIII A, Section 1(B)(3) of the California constitution.