

MOORPARK UNIFIED SCHOOL DISTRICT
MEASURE "S"

Citizens Bond Oversight Committee

Tuesday, May 5, 2015

6:30 PM - meeting

MUSD District Office

5297 Maureen Lane

Moorpark, CA 93021

1. Call to Order/Welcome
2. Approval of minutes, February 4, 2015
3. Public Comment
4. Technology Projects and Expenditures Update
5. Construction/Modernization Expenditure Updates
6. Summer 2015 Projects Update
7. Energy Use presentation
8. Performance audit review
9. Bond refinancing update
10. Next Year meetings
11. Adjournment

Next Meeting: TBD

MOORPARK UNIFIED SCHOOL DISTRICT

MEASURE 'S'

Citizens Bond Oversight Committee

Tuesday, May 5, 2015

Minutes

1. Meeting Called to Order at 6:36 pm
Attendees: Creig Nicks, Gary Ventsam, Mile Waters, Ginny Lee-Lipson, Scott Krutilek, Terry Meredith, Rick Lagowski, Andy Bloom, Bill Prigge
2. No Minutes from February 4, 2015 meeting to review
3. No Public Comment
4. Technology Projects and Expenditures Update – Mike Waters
Testing – SBAC (Smarter Balance Assessment Consortium) in process now and going well; the state testing process is shifting from paper and pencil tests to using technology – a compilation of hardwired and laptop computers and chrome books – and currently 3 out of the 5 weeks of testing is complete. With 1000 concurrent testers at one time not even 50% of the fiber optic band width is utilized. Tech support is available at every campus during the testing period.
Expenditures – Since the last meeting almost \$34 thousand was spent in the 4 categories of Hardware/Materials/Supplies, Repairs/Cabling, Software/Contracts/Consulting, and Installation/Repair/Moving of Promethean Boards for a grand total of \$1.7 million in the 2014-2015 year.
Potential Future Technology Projects: Equipment replacement cycling, additional wireless access points and network drops, student mobile devices, a technology summer staff training, 21st century learning centers, and computer lab upgrades.
5. Construction / Modernization Expenditures Update – Gary Ventsam
Expenditures - \$0 spend since the last meeting, Gary is currently prioritizing projects and holding remaining funds for emergency situations that may arise. Future projects (MHS doors) will wait until the next bond issuance.
6. Summer 2015 Projects Update – Gary Ventsman
Painting the rest of MHS will be completed over the summer
7. Energy Use Presentation – Creig Nicks / Gary Ventsman
Focus: Solar, Electricity, Water, and most importantly – Human Behavior!
Creig reviewed the current gas, electric and water usage and cost by school location and Gary reviewed efficiency steps already taken and prospects being considered to improve school district efficiency in the future.
8. Performance Audit Review – Creig Nicks
The auditor's review of the Measure 'S' expenditures and procedures included:
Updates to last years' audit findings (ending June 2013) Unallowable Expenditures Recommendations are partially implemented and Pre-Approval of Expenditure Recommendations have been implemented.
Findings from this year's audit (ending June 2014) Unallowable Expenditures of software purchases, a repeat from last year, is being challenged by the district since the item was included on the project list, attached to the bond, and on the ballot voted on by the community; Creig will forward the district response to CBOC and post on the website.
9. Bond Refinancing Update – Creig Nicks
We are in a holding pattern with the nearly \$1 million remaining of the current budget. Today \$14 million in bonds was refinanced, saving ¼% since the rates have gone up. Depending on the financial market, the next \$3 million bond issuance may be sought in the Fall.
10. Next Meetings: Tuesday, October 6, 2015; February 2, 2016; May 3, 2016
11. Meeting Adjourned at 7:42 pm

MOORPARK UNIFIED SCHOOL DISTRICT
STATUS OF BOND PROJECTS
MEASURE "S" - FUND 214
AS OF MAY 4, 2015

DESCRIPTION	BUDGET	1ST ISSUANCE	2ND ISSUANCE	3RD ISSUANCE	2008/2009 EXPENSES	2009/2010 EXPENSES	2010/2011 EXPENSES	2011/2012 EXPENSES	2012/2013 EXPENSES	2013/2014 EXPENSES	2014/2015 EXPENSES	2014/2015 ENCUMBRANCES	BALANCE OF ISSUANCES
Moorspark High School Renovation (26%)	10,000,000.00	2,750,134.14	4,999,893.95	750,000.00	1,350,364.17	1,160,308.36	93,615.56	892,488.33	3,390,984.93	593,159.69	265,747.59	40,869.63	372,962.87
Technology Improvements/Enhancements (5%)	22,000,000.00	6,160,300.47	11,199,762.45	1,680,000.00	3,045,799.89	1,616,101.13	786,873.99	3,348,454.02	3,052,081.41	1,950,113.02	2,073,783.65	138,304.94	3,026,851.07
District Wide Projects (19%)	7,500,000.00	2,090,101.94	3,799,919.40	570,000.00	467,732.41	467,732.41	780,135.94	2,982,174.44	1,579,200.15	2,584,306.74	1,137,254.42	12,897.99	(3,093,780.75)
Totals	39,500,000.00	11,000,536.55	19,999,575.80	3,000,000.00	4,396,163.86	3,244,141.90	1,662,325.49	7,223,116.79	8,022,276.49	5,477,576.41	3,476,785.66	191,692.56	306,033.19
												Year to Date Interest Balance	689,146.69
												Total Cash Available	975,179.88

**Moorpark Unified School District
Technology Department- Measure S Expenditures
2014-2015 Fiscal Year (July 1, 2014-May 5, 2015)**

Expenditure Category	Amount		
	As of October 21, 2014	As of February 4, 2015	As of May 5, 2015
Hardware/Materials/Supplies	\$757,569.66	\$226,356.27	\$1,825.25
Repair Services/Cabbling	\$103,991.95	\$60,622.63	\$0
Software/Contracts/Consulting Fees	\$499,112.24	\$37,685.13	\$17,618.90
Installation/Repair/Moving of Promethean Boards	\$46,208.99	\$11,776.86	\$14,544.68
Total Expenditures <i>(Does not include payroll/benefits costs)</i>	\$1,406,882.84	\$336,440.89	\$33,988.83
	Grand Total:		\$1,777,312.56

Potential Future Measure S Technology Projects:

- Replacement cycle- student and staff computers, Promethean Panels, printers, document cameras, ActivExpressions, etc.
- Additional wireless access points to support new/future district wireless devices (currently determining coverage areas)
- Additional network drops at sites for additional wireless access points and as needed for network connectivity
- Pilot additional student mobile devices to bolster 21st century learning
- Technology Summer Training Institute for MUSD staff- Week of August 3, 2015
- Site 21st century learning centers
- Computer lab upgrades- Walnut Canyon and Peach Hill

EXHIBIT A-1

BOND PROJECT LIST

Bond proceeds will be expended to modernize, replace, renovate, acquire, equip, furnish and otherwise improve the District's facilities including those located at Arroyo West Elementary, Campus Canyon Elementary, Chaparral Middle, Community High, Flory Academy of Sciences and Technology, Mesa Verde Middle, Moorpark High, Mountain Meadows Elementary, Peach Hill Academy, The High School at Moorpark College, and Walnut Canyon Elementary.

Such projects shall include, but shall not be limited to:

- Upgrade classrooms throughout the District with up-to-date computers and technology
- Upgrade computer labs throughout the District
- Upgrade inadequate electrical systems to improve student access to computers and modern technology
- Make upgrades and improvements to restrooms, classrooms, and school facilities throughout the District to meet handicap accessibility (ADA) requirements
- Renovate science labs at Moorpark High School
- Upgrade outdated fire alarm and security systems to increase student and campus safety
- Upgrade and replace outdated heating, ventilation, and air-conditioning (HVAC) systems
- Repair and replace old and deteriorating roofs
- Renovate and modernize outdated classrooms at Moorpark High School
- Renovate and repair restrooms
- Renovate old school facilities including the library and performing arts center at Moorpark High School
- Purchase facilities the District is currently leasing
- Provide additional playfields and athletic facilities for school and community use
- Conduct necessary site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms
- Address unforeseen conditions revealed by construction/modernization (e.g., plumbing or gas line breaks, dry rot, seismic, structural, etc.)

Furnish and equip schools as needed to the extent permitted by law.

EXHIBIT A

BALLOT MEASURE FULL TEXT OF MEASURE

This proposition may be known and referred to as the Moorpark Unified School District General Obligation Bond of 2008, or Measure _____

FINDINGS

The Moorpark Unified School District (the "District"), which serves the community of Moorpark, a portion of the community of Ventura, and unincorporated Ventura County, is a recognized leader in providing top quality education to Ventura County students.

The achievements have been accrued by the District as a result of the long history of visionary leadership from the Board of Education of the District (the "Board"), as well as from staff members, parents, and members of the District communities. During its long history, the District has benefited from a community, which supports its educational institutions by establishing high standards for academic achievement while at the same time providing the means required to meet and even to surpass those expectations.

Nine of the ten District schools were significantly renovated with funds from a previous school improvement measure. Moorpark High School received a small portion of those funds, but today is a 20-year-old facility and is in need of significant renovation and repair.

Furthermore, it is the goal of the Board and District to provide students at each school with a comprehensive technology program with access to current computers and modern technology. In order to provide our local students with the same classrooms and school facilities as other California school districts, major repairs, upgrades, classroom renovations as well as improved access to technology are necessary to ensure these classrooms and facilities will remain functional for future generations.

The Board has prepared a facilities plan and identified significant repairs, upgrades, classroom renovations, and updated technology needs that are more than the District is able to fund from currently available sources or annual revenues.

The District has sought, and continues to seek, all available outside sources of funding to improve our school buildings, including local, state, and federal grants and state bond funds. Historically, the state requires that local school districts provide local funds as a condition of receipt of state matching funds.

It is necessary to seek voter approval of a bond measure in order to provide the local funding for identified school facility repairs, modernization projects, and growth needs to address student enrollment.

BOND AUTHORIZATION

By approval of this proposition by at least 55 percent of the registered voters voting on the proposition, the District shall be authorized to issue and sell bonds of up to \$39,500,000 in aggregated principal at interest rates below the legal limit, to provide finance for the specific

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Education and the
Citizens' Bond Oversight Committee
Moorpark Unified School District
Moorpark, California

We have examined the Moorpark Unified School District's compliance with the performance requirements for the Proposition 39 Measure "S" General Obligation Bond for the fiscal year ended June 30, 2014, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Moorpark Unified School District Building Fund are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "S".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2013 to June 30, 2014. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were also included within the scope of our audit. Expenditures incurred subsequent to June 30, 2014 were not reviewed or included within the scope of our audit or in this report.

Procedures Performed

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014 for the Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure "S" with regards to the approved bond projects list. We performed the following procedures:

To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$5.5 million in bond fund invoices paid. This includes testing payments for validity, allowability, and accuracy.
- We reviewed the approved project listing as set out in the Measure "S" election documents.
- We visited construction sites at Mesa Verde Middle and Moorpark High Schools to ensure that expenditures made corresponded with the actual work performed at the site.
- We verified that funds from the Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects, and we verified that funds held in the Building Fund were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "S" General Obligation Bond proceeds listed and tested above, except as described in the findings and responses section of this report.

This report is intended for the information of the Board of Education, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.

Murrieta, California
_____, 2015

Findings and Responses

**MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED
SCHOOL DISTRICT**

Schedule of Audit Findings and Responses

June 30, 2014

Finding 2014-1: Unallowable Expenditures

During the review of expenditures for Measure "S," the auditor noted that the District spent funds on student assessment software, which is provided by the Ventura County Office of Education. The expense is not attributable to classroom use, as required by the project listing, and does not improve student access to modern technology. Additionally, the expense is a normal operating expense of the District, and will continue to be incurred on an ongoing basis after the bond funds are exhausted. Payment of operating expenses with bond funds are considered prohibited by the California Constitution, Article XIII A, Section 1(b)(3)(A), which states that bond proceeds are subject to restricted use and shall not be used for school operating expenses.

Recommendation: The District should ensure that all items coded to the bond fund fall under the approved project listing for the Bond funds. During the payment process, there should be a second review of what is being applied to the bond fund to ensure that what is actually being processed for payment is applicable to the bond fund.

District Response: _____

MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2014

Original Finding No.	Finding	Recommendation	Current Status
<i>Finding 2013-1: Unallowable Expenditures</i>	<p>During the review of expenditures for Measure "S," auditor noted that the District spent funds on the annual contract renewal for Zangle software support services, which is provided by the Ventura County Office of Education. Zangle is the District's attendance software. While the expense is a technological expense, it is not attributable to classroom use as required by the project listing and does not improve student access to modern technology as required in the bond language. Additionally, the expense is a normal operating expense of the District, and will continue to be incurred on an ongoing basis after the bond funds are exhausted. Payment of operating expenses with bond funds are considered prohibited by the California Constitution, Article XIII A, Section 1(b)(3)(A), which states that bond proceeds are subject to restricted use and shall not be used for school operating expenses.</p>	<p>The District should ensure that all items coded to the bond fund fall under the approved project listing for the Bond funds. During the payment process, there should be a second review of what is being applied to the bond fund to ensure that what is actually being processed for payment, is applicable to the bond fund. Additionally, the District should reimburse the bond fund for the cost of the renewal fee.</p>	<p>Partially Implemented. See Finding 2014-1.</p>
<i>Finding 2013-2: Approval of Expenditures</i>	<p>During the review of expenditures for Measure "S" the auditor noted seven of the forty expenditures in which the approval was dated after the invoice date, indicating that the expenditure was incurred prior to approval through the District's pre-approval process. Pre-approval of the expenditure is an important control to ensure that the expenditure is appropriate under bond requirements and falls within budgetary guidelines.</p>	<p>We recommend that all expenditures be pre-approved prior to the ordering of goods and services to ensure their appropriateness and encumbrance by management before the District is obligated to pay.</p>	<p>Implemented.</p>