JAMES M. HARRELL
Superintendent

Gateway Unified School District
Providing Excellence in Learning: Every Student, Every Day
4411 Mountain Lakes Blvd. ▪ Redding, CA 96003 ▪ (530) 245-7900 ▪ (530) 245-7920
www.gateway-schools.org

GATEWAY UNIFIED SCHOOL DISTRICT
MEASURE G BOND OVERSIGHT COMMITTEE
MEETING AGENDA
CENTRAL VALLEY HIGH SCHOOL (Library)
4066 La Mesa Avenue
Shasta Lake, CA 96019

In compliance with the Americans with Disabilities Act, the Gateway Unified School District will make available to the public who has a disability, any needed modification or accommodation in order for that person to participate in the public meeting. Contact the District Office at (530) 245-7908 at least one (1) week prior to the scheduled meeting.

December 27, 2017 **5:30 P.M.**
Central Valley High School (CVHS) **Library**

Public Comments: *Persons who wish to address the Committee for items listed on the agenda, must complete the Speaker Card provided and hand it to the Committee secretary preferably prior to when the items are called on the agenda.*

5:30 P.M. 1. CALL TO ORDER:

2. FLAG SALUTE:

3. ROLL CALL:

Tony Angelone	______	Regina Sharrett	______
Anne Marie Barrow	______	Dannielle Smith	______
Fred Braun	______	Jim Harrell, Superintendent	______
Craig Haner	______		

4. APPROVAL OF AGENDA (Action):

Moved Seconded Ayes Noes Absent Abstained

5. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:
Under this item, the public is invited to address the Committee regarding items that are not on tonight's agenda. Speakers are limited to three minutes each. The Committee is not allowed under the law to take action on matters that are not on the agenda. The public will have an opportunity to comment on all agenda items as they are presented this evening.

6. SPECIAL BUSINESS (Information and/or Discussion):

6A. Presentation on the completed library renovations projects: *(I) (D)*

7. NEW BUSINESS (Discussion and/or Action):

7A. Approval of the August 30, 2017 Bond Committee Meeting Minutes *(D) (A)*

Moved Seconded Ayes Noes Absent Abstained

7B. Approval of the Bond Fund Budget Report through December 2017 *(D) (A)*

Moved Seconded Ayes Noes Absent Abstained

7C. Presentation of the Gateway Unified School District 2016-2017 Proposition 39 and Measure G General Obligation Bonds Performance Audit Report *(I) (D)*

7D. Presentation of the Gateway Unified School District 2015-2016 Proposition 39 and Measure G General Obligation Bonds Performance Audit Report *(I) (D)*

7E. Review and approval of the Annual Citizen Oversight Committee Report for fiscal year ending June 30, 2017 as required by Proposition 39 regarding the expenditures under Measure G General Obligation Bond of 2008. This report will be submitted to the Gateway Board of Trustees at the January 10, 2018 Regular Board Meeting. *(D) (A)*

Moved Seconded Ayes Noes Absent Abstained

7F. Review and approval of the Annual Citizen Oversight Committee Report for fiscal year ending June 30, 2018 as required by Proposition 39 regarding the expenditures under Measure G General Obligation Bond of 2008. This report will be submitted to the Gateway Board of Trustees at the January 10, 2018 Regular Board Meeting. *(D) (A)*

Moved Seconded Ayes Noes Absent Abstained

7G. This meeting completes the current bond project for the District-wide Library Renovation Project. There will be no future bond meetings scheduled regarding this project. *(I)*

8. **COMMITTEE COMMENTS:**

9. **ADJOURNMENT:**

Moved	Seconded	Ayes	Noes	Absent	Abstained

Legend: *Agenda items presented are for: Information (I) Discussion (D) and/or Action (A)*
Note: Copies of the agenda may be reviewed at each Gateway school site, as well as on the Gateway Unified School District website at http://www.gateway-schools.org/home under the Governance tab/Measure G Bond Information. Copies of the agenda, complete with backup materials, may be reviewed at the Gateway Unified District Office, 4411 Mountain Lakes Blvd., Redding, CA 96003, during the hours of 7:30 A.M. to 4:30 P.M., Monday through Friday; excluding holidays.

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MEASURE G BOND OVERSIGHT COMMITTEE MEETING MINUTES
August 30, 2017

5:30 P.M. Committee Meeting | **Central Valley High School: Library**

1. **The Bond Oversight Committee Meeting was called to order at 5:32 p.m.** by Committee Chair Fred Braun. **CALL TO ORDER**

2. **Flag Salute** was led by Committee Member Dannielle Smith. **PLEDGE**

3. **Roll Call:** **MEMBERS PRESENT**
A quorum was established with the following Bond Committee Members present: Anne Marie Barrow, Fred Braun, Craig Haner, Regina Sharrett, Dannielle Smith and Superintendent Jim Harrell.

Absent: Tony Angelone **MEMBERS ABSENT**

Others Present: Scott Sorrells, Director of Technology Services; Kory Scharton, Library Information Specialist and Theresa Ungaro, Executive Assistant to the Superintendent

4. **Approval of Agenda:** **APPROVAL OF AGENDA**
The agenda was approved as presented.

SMITH / BARROW
Moved and seconded to approve the agenda as presented.

Motion carried unanimously: 5 AYES - 0 NOES; 1 ABSENT
ABSENT: ANGELONE

5. **Public Forum:** **PUBLIC FORUM**

There was no public comment.

6. Special Business:

SPECIAL BUSINESS

6A. Update on library renovation projects

UPDATE ON RENOVATION PROJECTS

Director of Technology Services Scott Sorrells provided the Committee with an update on the library renovations, stating that the sound system and TV's will be installed this week at CVHS and that the furniture for all of the library renovation sites should be arriving and installed by the end of September. Director Sorrells provided a brief photo presentation of the progress taken place at CVHS and gave the Committee a tour of the CVHS library.

7. New Business:

NEW BUSINESS

7A. Approval of the June 14, 2017 Bond Committee Meeting Minutes

APPROVAL OF THE 06-14-17 BOND COMMITTEE MEETING MINUTES

Committee Chair Fred Braun asked the Committee if there were any changes or items of discussion regarding the minutes. There being no changes or discussion, Committee Chair Fred Braun called for a motion.

SMITH / BARROW
Moved and seconded to approve the minutes as presented.

Motion carried unanimously: 5 AYES - 0 NOES; 1 ABSENT
ABSENT: ANGELONE

7B. Approval of the Bond Fund Budget Report through August 24, 2017

APPROVAL OF THE BOND FUND BUDGET REPORT THROUGH 08-24-17

Superintendent Harrell explained the expenditures for the Bond Fund Budget Report through August 24, 2017 stating that as of the date of the report there is a balance of $13,189.07.

There being no further discussion, Committee Chair Fred Braun called for a motion.

HANER / BRAUN
Moved and seconded to approve the Bond Fund Budget Report as presented.

Motion carried unanimously: 5 AYES - 0 NOES; 1 ABSENT
ABSENT: ANGELONE

7. New Business (Continued):

SOLICITING MEMBERS AS A BONA-FIDE TAX PAYERS' ORGANIZATION & SENIOR CITIZEN'S ORGANIZATION

7C. Soliciting members from the public who reside in the Gateway Unified School District boundaries to serve on the committee as:

- A bona-fide tax payers organization representative
- A senior citizen's organization representative

Superintendent Harrell explained that the District is still actively seeking to fill the position for a "bona-fide tax payers' organization" representative and a "senior citizen's organization" representative to serve on the Committee. Superintendent Harrell asked the Committee to please spread the word and to contact Theresa Ungaro if they have any one interested.

NEXT MEETING DATE

7D. Set next meeting date(s)

The next Committee meeting date will be November 15, 2017 at 5:30 p.m. at Central Valley High School in the library.

COMMITTEE COMMENTS

8. Committee Comments:

There were no further Committee comments.

ADJOURN

9. Adjournment:

BARROW / SHARRETT
Moved and seconded to adjourn.

Motion carried unanimously: 5 AYES - 0 NOES; 1 ABSENT
ABSENT: ANGELONE

The meeting was adjourned at 5:51 p.m.

Submitted by:	Approved by:
James M. Harrell Superintendent	Fred Braun, Committee Chair

Fund 21: Bond purchases for library upgrades	December 2017				
Central Valley High School	**Budget**	**Expenditures**	**Encumbrances**	**Description**	**Remaining Budget**
Furniture	74,000	73,790.15		Furniture	
Supplies/Equipment	16,340	6,000.97		Whiteboards and Projectors	
		4,012.18		Flatscreen televisions	
		3,387.91		Paint and Construction Supplies	
		2,850.73		Chromebooks and Console license	
		440.85		Audio Equipment	
Contracted Services	12,660	4,745.00		Carpeting	
		8,120.00		Painting	
Total Central Valley High School Library upgrades:	**103,000.00**	**103,347.79**	**-**	**103,347.79**	**(347.79)**
Shasta Lake School	**Budget**	**Expenditures**	**Encumbrances**		
Furniture	7,483	10,965.24		Furniture	
Supplies/Equipment	5,008	1,525.19		Chromebooks and Console license	
Total Shasta Lake School Library Upgrades:	**12,491.00**	**12,490.43**	**-**	**12,490.43**	**0.57**
Grand Oaks School	**Budget**	**Expenditures**	**Encumbrances**		
Furniture	19,288	19,287.84		Furniture	
Supplies/Equipment	1,525	1,525.19		Chromebooks and Console license	
		395.17		Maintenance Supplies	
Total Grand Oaks School Library Upgrades:	**20,813.00**	**21,208.20**	**-**	**21,208.20**	**(395.20)**
Buckeye School of the Arts					
Furniture	13,620	12,191.11		Furniture	
Supplies/Equipment	1,803	3,328.49		Chromebooks, Console license, and Library Cam	
Carpeting	10,926	10,220.00			
Total Buckeye School of the Arts Library Upgrades:	**26,349.00**	**25,739.60**	**-**	**25,739.60**	**609.40**
Total Budget for library upgrades in Bond Fund 21:	**162,653.00**	**162,786.02**	**-**	**162,786.02**	**(133.02)**

AGENDA ITEM: 7C

Gateway Unified School District
Proposition 39 and Measure G
General Obligation Bonds

Redding, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2017

K·COE ISOM

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
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June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Gateway Unified School District
Redding, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund (the Bonds) of Gateway Unified School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bonds of the District as of June 30, 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1, the financial statements present only the financial position and changes in financial position of the Bonds and do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KCoe Isom, LLP

November 27, 2017
Chico, California

FINANCIAL SECTION

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
BALANCE SHEET

June 30, 2017		
ASSETS		
Cash and investments	$	1,858,745
Accounts receivable		199
TOTAL ASSETS	$	1,858,944
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and other current liabilities	$	-
Fund Balance		
Restricted		1,858,944
TOTAL LIABILITIES AND FUND BALANCE	$	1,858,944

The accompanying notes are an integral part of these financial statements.

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended June 30, 2017		
Revenues		
Other local revenue	$	(1,394)
Other Financing Sources (Uses)		
Interfund transfers out		(5,540)
Proceeds from long-term debt		1,496,123
Other sources		536,433
Debt issuance costs and discounts		(328,905)
Other financing source - refunding bonds		7,682,837
Other financing use - payment to refunded bond escrow agent		(7,682,837)
Total Other Financing Sources (Uses)		1,698,111
Net Change in Fund Balance		1,696,717
Fund Balance - Beginning of Year		162,227
Fund Balance - End of Year	$	1,858,944

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

Gateway Unified School District (the District) is governed by an elected five-member board. The District operates three elementary schools, one high school, one continuation school, and one community day school in Redding, California. The District is the sponsoring local educational agency for four charter schools. These financial statements present only the Measure G Bond Building Fund (the Bonds). These financial statements do not include financial information of the remainder of the District's funds, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

On November 4, 2008, $19,000,000 in general obligation bonds were authorized by an election held within the District. A citizens' oversight committee was appointed on January 21, 2009, to comply with the California Constitution and the *California Education Code*. The purpose of the committee is to inform the public, at least annually, regarding the appropriate use of bond proceeds. On July 8, 2009, bonds in the amount of $6,320,718 were issued at a premium of $413,446. The total proceeds from the bond issuance were received by the District and are to be used to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve the District's facilities. The District paid issuance costs totaling $403,074 from the proceeds.

On December 4, 2013, the District issued general obligation bonds in the amount of $6,300,281 at a discount of $14,400. The District paid $198,213 of issuance costs from the proceeds. Bond proceeds of $5,317,935 were used to redeem the 2006 certificates of participation. The remaining proceeds of $769,733 will be used for the projects noted above.

On May 16, 2017, the District issued general obligation bonds in the amount of $9,178,960 at a premium of $536,433. The District paid $328,905 of issuance costs from the proceeds. Bond proceeds of $7,682,837 were used to redeem the 2007 certificates of participation and 2009 general obligation bonds. The remaining proceeds of $1,703,651 will be used for the projects noted above.

The refunding of the 2009 general obligation bonds was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of $278,543. As a result of this refunding, total debt service payments over the next 12 years will decrease by $341,992. The refunding of the 2007 certificates of participation was undertaken to pay off the 2007 certificates of participation. As a result of this refunding, total debt service payments over the next 25 years will increase by $4,675,019.

The board of supervisors for Shasta County are empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and maturity value of and interest on the bonds.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Basis of Presentation

Fund Financial Statements Fund financial statements of the reporting entity are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

> Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
>
> Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Measure G Bond Building Fund is a major fund, the Building Fund, of the District. The Building Fund is used to account for proceeds from the sale of bonds and expenditures for purposes authorized in the ballot measure.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus In the fund financial statements, governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures legally cannot exceed appropriations by major object account.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code,* Section 41001, the District maintains substantially all of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code,* Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2017, the fair value of the County pool was 99.83% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code,* Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net decrease in the fair value of investments during the year ended June 30, 2017, was $3,501. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2017, was $3,121.

Bond Premiums

In the governmental funds, bond premiums are reported as an other financing source when the related liability is incurred.

Equity Classifications

Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable Fund Balance: Consists of amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

Committed Fund Balance: Consists of amounts that can be used only for specific purposes determined by a formal action of the District's Board of Trustees. The District's Board of Trustees is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or budget adoption approved by the District's Board of Trustees.

Assigned Fund Balance: Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

Unassigned Fund Balance: Consists of the residual balance in the General Fund of the District that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Trustees has provided otherwise in its commitment or assignment actions.

Expenditures

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by character:
- Current (further classified by function)
- Debt service
- Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2017	Maturities	Fair Value
Investments That Are Not Securities (1)		
County treasurer's investment pool	15.4 months average	$ 1,858,745

(1) ***Investments That Are Not Securities*** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

All cash and investments are restricted to expenditures for purposes authorized in the ballot measure.

Investment Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District does not have an investment policy that would further limit investment choices. The District's investment in the County investment pool is unrated.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

- County treasurer's investment pool of $1,858,745 is valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

> No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

> No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

3. INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers are as follows:

Interfund Transfer Out	Interfund Transfer In		
Building	Bond interest and redemption	$	5,540

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The specific purpose of the interfund transfers that do not occur on a routine basis are as follows:

Building Fund interfund transfer out to the Bond Interest and Redemption Fund to transfer the proceeds from the Series 2017 general obligation bonds.

4. FUND BALANCE COMPONENTS

Fund balance is composed of the following:

June 30, 2017	
Restricted	
Restricted for capital projects	$ 1,858,944

OTHER REPORTS SECTION

K·COE ISOM

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Gateway Unified School District
Redding, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure G Bond Building Fund of Gateway Unified School District (the District) as of and for the year ended June 30, 2017; and the related notes to the financial statements; and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Measure G Bond Building Fund of the District are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Isom, LLP

November 27, 2017
Chico, California

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

To the Board of Trustees
Gateway Unified School District
Redding, California

Report on Compliance

We have audited the Gateway Unified School District's (the District) compliance with the performance requirements for the Proposition 39 and Measure G General Obligation Bonds (the Bonds) for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for the District's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the performance requirements for the Proposition 39 and the Bonds that could have a material effect on compliance occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our performance audit does not provide a legal determination on the District's compliance with the specific requirements.

Opinion

In our opinion, the District complied, in all material respects, with the performance requirements referred to above that are applicable to the District for the year ended June 30, 2017.

KCoe Isom, LLP

November 27, 2017
Chico, California

PERFORMANCE AUDIT SECTION

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the voter-approved Proposition 39 and Measure G General Obligation Bonds (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2017, charged to the building fund, have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; and provide recommendations for improvements.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2017. The expenditures included all object and project codes associated with the Bonds' projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 4, 2008, $19,000,000 in general obligation bonds were authorized by an election held within the District. A citizens' oversight committee was appointed on January 21, 2009, to comply with the California Constitution and the *California Education Code*. The purpose of the committee is to inform the public, at least annually, regarding the appropriate use of the bond proceeds. On July 8, 2009, bonds in the amount of $6,320,718 were issued at a premium of $413,446. The total proceeds from the bond issuance were received by the District and are to be used to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve the District's facilities. The District paid issuance costs totaling $403,074 from the proceeds. California Constitution, Article 13A, Section 1(b)(3), requires an annual performance audit be conducted to ensure that funds have been expended only on the specific projects publicized by the District.

On December 4, 2013, the District issued general obligation bonds in the amount of $6,300,281 at a discount of $14,400. The District paid $198,213 of issuance costs from the proceeds. Bond proceeds of $5,317,935 were used to redeem the 2006 certificates of participation. The remaining proceeds of $769,733 will be used for the projects noted above.

On May 16, 2017, the District issued general obligation bonds in the amount of $9,178,960 at a premium of $536,433. The District paid $328,905 of issuance costs from the proceeds. Bond proceeds of $7,682,837 were used to redeem the 2007 certificates of participation and 2009 general obligation bonds. The remaining proceeds of $1,703,651 will be used for the projects noted above.

PROCEDURES PERFORMED

We obtained the building fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2017. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with Proposition 39 and Measure G General Obligation Bonds funding. We performed the following procedures:

- We reviewed the District's bond project publicized list of intended projects.
- We selected a sample of expenditures in the fiscal year ended June 30, 2017, and reviewed supporting documentation to ensure that funds were properly expended on the specific projects as outlined in the publicized list and that they met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We verified that funds were expended only for the purposes for which the bonds were issued, as specified in the official statement of bond indenture submitted by the District to the County Auditor.
- We verified that funding was not used for salaries of school administrators or other operating expenses of the District.
- We verified that the Measure G Bond Oversight Committee reviewed project expenditures and issued reports on the results of its activities at least annually.

RESULTS OF THE PROCEDURES

The District utilized bond funds for ten projects and incurred total expenditures of $21,054,158 for the following projects:

		Expenditures			
Year Ended June 30, 2017	Budget	Prior	Current	Total	Status
Central Valley High School - multi-purpose building	$ 2,320,525	$ 2,316,879	$ -	$ 2,316,879	Completed
Buckeye School of the Arts - multi-purpose building	2,750,800	2,730,156	-	2,730,156	Completed
Buckeye School of the Arts - parking lot change order	380,000	223,377	-	223,377	Completed
2006 certificates of participation redemption	6,338,260	6,338,260	-	6,338,260	Completed
2007 certificates of participation redemption	4,680,850	-	4,680,850	4,680,850	Completed
2009 general obligation bonds redemption	3,001,987	-	3,001,987	3,001,987	Completed
Bond issuance costs	930,192	601,287	328,905	930,192	Completed
Other projects and close-outs	90,974	90,974	-	90,974	Completed
Central Valley High School - gymnasium remodel	449,748	449,748	-	449,748	Completed
Central Valley High School - tennis courts	85,000	85,000	-	85,000	Completed
District-wide bell and paging system	206,735	206,735	-	206,735	Completed
Total	$ 21,235,071	$ 13,042,416	$ 8,011,742	$ 21,054,158	

Each of the projects has been given a specific project identification number within the District's building fund. Budgets for each project are included in the financial reporting system, and actual expenditures are matched against this budget.

CONCLUSION

Based upon the procedures performed, we found that for the items tested, the District has properly accounted for the expenditures of the Proposition 39 and Measure G General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with the specific requirements.

FINDINGS AND RECOMMENDATIONS SECTION

None.

None.

AGENDA ITEM: 7D

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds

Redding, California

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2016

K·COE ISOM

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
TABLE OF CONTENTS
June 30, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Gateway Unified School District
Redding, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure G Bond Building Fund (the Bonds) of Gateway Unified School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bonds of the District as of June 30, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1, the financial statements present only the financial position and changes in financial position of the Bonds and do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2016, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KCoe Isom, LLP

December 21, 2016
Chico, California

FINANCIAL SECTION

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
BALANCE SHEET

June 30, 2016		
ASSETS		
Cash and investments	$	162,227
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	-
Fund Balance		
Restricted		162,227
TOTAL LIABILITIES AND FUND BALANCE	$	162,227

The accompanying notes are an integral part of these financial statements.

Gateway Unified School District
Proposition 39 and Measure G General Obligation Bonds
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended June 30, 2016		
Revenues		
Other local revenue	$	4,929
Expenditures		
Current:		
Plant services		270
Capital outlay		34
Total Expenditures		304
Net Change in Fund Balance		4,625
Fund Balance - Beginning of Year		157,602
Fund Balance - End of Year	$	162,227

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

Gateway Unified School District (the District) is governed by an elected five-member board. The District operates three elementary schools, one high school, one continuation school, and one community day school in Redding, California. The District is the sponsoring local educational agency for four charter schools. These financial statements present only the Measure G Bond Building Fund (the Bonds). These financial statements do not include financial information of the remainder of the District's funds, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

On November 4, 2008, $19,000,000 in general obligation bonds were authorized by an election held within the District. A citizens' oversight committee was appointed on January 21, 2009, to comply with the California Constitution and the *California Education Code*. The purpose of the committee is to inform the public, at least annually, regarding the appropriate use of bond proceeds. On July 8, 2009, bonds in the amount of $6,320,718 were issued at a premium of $413,446. The total proceeds from the bond issuance were received by the District and are to be used to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve the District's facilities. The District paid issuance costs totaling $403,074 from the proceeds.

On December 4, 2013, the District issued general obligation bonds in the amount of $6,300,281 at a discount of $14,400. The District paid $198,213 of issuance costs from the proceeds. Bond proceeds of $5,317,935 were used to redeem the 2006 certificates of participation. The remaining proceeds of $769,733 will be used for the projects noted above.

The board of supervisors for Shasta County are empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and maturity value of and interest on the bonds.

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's, *California School Accounting Manual*. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Basis of Presentation

Fund Financial Statements Fund financial statements of the reporting entity are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

> Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
>
> Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The Measure G Bond Building Fund is an other governmental fund, the Building Fund, of the District. The Building Fund is used to account for proceeds from the sale of bonds and expenditures for purposes authorized in the ballot measure.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus In the fund financial statements, governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures legally cannot exceed appropriations by major object account.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code,* Section 41001, the District maintains substantially all of its cash in the Shasta County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code,* Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of more than one year. As of June 30, 2016, the fair value of the County pool is 100.23% of the carrying value and is deemed to represent a material difference. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code,* Section 27130. The District is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during the year ended June 30, 2016, was $423. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments held at June 30, 2016, was $380.

Bond Premiums

In the governmental funds, bond premiums are reported as expenditures when the related liability is incurred.

Equity Classifications

Governmental fund equity is classified as fund balance. Fund balance is further classified and displayed in five components:

Nonspendable Fund Balance: Consists of amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance: Consists of amounts that can be spent only for specific purposes because of constraints that are externally imposed by groups such as creditors, grantors, contributors, laws or regulations of other governments, or because of laws through constitutional provisions or enabling legislation.

Committed Fund Balance: Consists of amounts that can be used only for specific purposes determined by a formal action of the District's Board of Trustees. The District's Board of Trustees is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or budget adoption approved by the District's Board of Trustees.

Assigned Fund Balance: Consists of amounts that the District intends to use for specific purposes. Assignments may be established either by the District's Board of Trustees or a designee of the District's Board of Trustees.

Unassigned Fund Balance: Consists of the residual balance in the General Fund of the District that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Trustees has provided otherwise in its commitment or assignment actions.

Expenditures

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by character:
- Current (further classified by function)
- Debt service
- Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2016	Maturities	Fair Value
Investments That Are Not Securities (1)		
County treasurer's investment pool	16.1 months average	$ 162,227

(1) ***Investments That Are Not Securities*** A "security" is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

All cash and investments are restricted to expenditures for purposes authorized in the ballot measure.

Investment Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District does not have an investment policy that would further limit investment choices. The District's investment in the County investment pool is unrated.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

- County treasurer's investment pool of $162,227 is valued using quoted prices for similar instruments in active market and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

California Government Code, Section 53601, places the following concentration limits on the District's investments:

No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

3. FUND BALANCE COMPONENTS

Fund balance is composed of the following:

June 30, 2016		
Restricted		
Restricted for capital projects	$	162,277

OTHER REPORTS SECTION

K·COE ISOM

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Gateway Unified School District
Redding, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure G Bond Building Fund of Gateway Unified School District (the District) as of and for the year ended June 30, 2016; and the related notes to the financial statements; and have issued our report thereon dated December 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Measure G Bond Building Fund of the District are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Isom, LLP

December 21, 2016
Chico, California

K·COE ISOM

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

To the Board of Trustees
Gateway Unified School District
Redding, California

Report on Compliance

We have audited the Gateway Unified School District's (the District) compliance with the performance requirements for the Proposition 39 and Measure G General Obligation Bonds (the Bonds) for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the District's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the performance requirements for the Proposition 39 and the Bonds that could have a material effect on compliance occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our performance audit does not provide a legal determination on the District's compliance with the specific requirements.

Opinion

In our opinion, the District complied, in all material respects, with the performance requirements referred to above that are applicable to the District for the year ended June 30, 2016.

KCoe Isom, LLP

December 21, 2016
Chico, California

PERFORMANCE AUDIT SECTION

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the voter-approved Proposition 39 and Measure G General Obligation Bonds (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2016, charged to the building fund, have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; and provide recommendations for improvements.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2016. The expenditures included all object and project codes associated with the Bonds' projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2016, were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 4, 2008, $19,000,000 in general obligation bonds were authorized by an election held within the District. A citizens' oversight committee was appointed on January 21, 2009, to comply with the California Constitution and the *California Education Code*. The purpose of the committee is to inform the public, at least annually, regarding the appropriate use of the bond proceeds. On July 8, 2009, bonds in the amount of $6,320,718 were issued at a premium of $413,446. The total proceeds from the bond issuance were received by the District and are to be used to modernize, replace, renovate, construct, acquire, equip, furnish, and otherwise improve the District's facilities. The District paid issuance costs totaling $403,074 from the proceeds. California Constitution, Article 13A, Section 1(b)(3), requires an annual performance audit be conducted to ensure that funds have been expended only on the specific projects publicized by the District.

On December 4, 2013, the District issued general obligation bonds in the amount of $6,300,281 at a discount of $14,400. The District paid $198,213 of issuance costs from the proceeds. Bond proceeds of $5,317,935 were used to redeem the 2006 certificates of participation. The remaining proceeds of $769,733 will be used for the projects noted above.

PROCEDURES PERFORMED

We obtained the building fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2016. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with Proposition 39 and Measure G General Obligation Bonds funding. We performed the following procedures:

- We reviewed the District's bond project publicized list of intended projects.
- We selected a sample of expenditures in the fiscal year ended June 30, 2016, and reviewed supporting documentation to ensure that funds were properly expended on the specific projects as outlined in the publicized list and that they met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We verified that funds were expended only for the purposes for which the bonds were issued, as specified in the official statement of bond indenture submitted by the District to the County Auditor.
- We verified that funding was not used for salaries of school administrators or other operating expenses of the District.
- We reviewed the Measure G Bond Oversight Committee minutes for approval of appropriate expenditures.

RESULTS OF THE PROCEDURES

The District utilized bond funds for eight projects and incurred total expenditures of $13,042,416 for the following projects:

Year Ended June 30, 2016	Budget	Expenditures Prior	Current	Total	Status
Central Valley High School - multi-purpose building	$ 2,320,525	$ 2,316,879	$ -	$ 2,316,879	Completed
Buckeye School of the Arts - multi-purpose building	2,750,800	2,730,156	-	2,730,156	Completed
Buckeye School of the Arts - parking lot change order	380,000	223,377	-	223,377	Completed
2006 certificates of participation redemption	6,338,260	6,338,260	-	6,338,260	Completed
Bond issuance costs	601,287	601,287	-	601,287	Completed
Other projects and close-outs	90,974	90,704	270	90,974	Completed
Central Valley High School - gymnasium remodel	449,748	449,714	34	449,748	Completed
Central Valley High School - tennis courts	85,000	85,000	-	85,000	Completed
District-wide bell and paging system	206,735	206,735	-	206,735	Completed
Total	$ 13,223,329	$ 13,042,112	$ 304	$ 13,042,416	

Each of the projects has been given a specific project identification number within the District's building fund. Budgets for each project are included in the financial reporting system, and actual expenditures are matched against this budget.

CONCLUSION

Based upon the procedures performed, we found that for the items tested, the District has properly accounted for the expenditures of the Proposition 39 and Measure G General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District's compliance with the specific requirements.

FINDINGS AND RECOMMENDATIONS SECTION

None.

None.

AGENDA ITEM: 7E

CITIZENS OVERSIGHT COMMITTEE REPORT

MEASURE G GENERAL OBLIGATION BOND OF 2008

For the Gateway Unified School District

FISCAL YEAR ENDING JUNE 30, 2017

Citizens Oversight Committee Report

Background on Measure G - What the Voters Approved

In November 2008, the Gateway Unified School District (GUSD) voters passed a $19 million general obligation bond (Measure G) with 57.7% of voters approving the measure.

The purpose of the bond proceeds was to "improve the quality of education, renovate and construct classrooms and school facilities including libraries and cafeterias; upgrade outdated heating, ventilation and air condition systems; make health and safety improvements; improve student access to computers and modern technology; and improve handicapped accessibility.

Because Measure G was approved through an election process under Proposition 39, the District is obligated to establish a Citizens' Oversight Committee (COC). The committee must be comprised of voters who represent parents, parent-teacher organizations, the business community, senior citizens, taxpayers associations, and the community at large. This committee reviews expenditure reports to ensure that: a) bond proceeds are expended only for the purpose set forth in the ballot measure, and b) no bond proceeds are used for any teacher, administrator salaries or any other operating expenses.

Attached to this report (Exhibit A) is the full text of Measure G which was approved by the voters on November 4, 2008. From the voters' authorization of Measure G, the school district has developed a comprehensive plan to address the need identified in their facility needs assessment. Although there is no way they could do all the projects possible with the funds available, the District, with oversight from the Citizens' Oversight Committee, must ensure that the Bond funds are only for these purposes.

District Progress and Oversight Committee Activities

The report of the Citizens' Oversight Committee (COC) represents the Measure G bond activity for the 2016/17 fiscal year. The report is designed to correlate with the timelines of the voters' approved Measure G, granting GUSD 19 million of bond expenditure authority. A summary of key District and COC activities related to the fiscal year ending June 30, 2017 is as follows.

Measure G Values

Voter approval bond amount	$19,000,000.00
General Obligation Bond Sale July 2009	$ 6,320,717.55
General Obligation Bond Sale December 2013	$ 6,300,280.55
General Obligation Bond Sale May 2017	$ 6,378,959.95
General Obligation Refunding Bonds Sale May 2017	$ 2,800,000.00

Debt Service Schedule

Term	2018 through 2043
Total Debt Service	$ 84,538,905

Citizen's (Bond) Oversight Committee Meeting Schedule and Summary

Meeting Date	Summary
July 20, 2010	Reviewed and approved expenditures and reviewed progress to date on Buckeye School of the Arts project.
August 17, 2010	Reviewed and approve expenditures and change orders for Buckeye School of the Arts project. Reviewed progress of project and budget overview.
September 21, 2010	Reviewed expenditures and change orders for Buckeye School of the Arts project. There wasn't a quorum so no voting took place. Budget Overview and Update, and Project Progress reports were shared.
October 19, 2010	Reviewed and approved expenditures and change orders for Buckeye School of the Arts project. All agenda items from September 21st meeting were included on this agenda. Gordon Lemke, Buckeye School of the Arts Project Inspector, explained the change order process to the Committee. Budget Overview and Update, and Project Progress reports were shared.
November 16, 2010	Reviewed and approved expenditures and change orders for Buckeye School of the Arts project. The approval process was reviewed by Supt. Robert Hubbell. Ann Albertson resigned from the Committee so there are now two vacant seats on the Committee. Election of Bond Committee Chair and Vice-Chair took place: Tami Whetstine, Chair and Michael Daniels, Vice-Chair. Budget Overview and Update, and Project Progress reports for both Buckeye School of the Arts and Central Valley High School were shared.
February 2, 2011	Reviewed and approved expenditures and change orders for Buckeye School of the Arts project. 2009/10 General Obligation Bonds Performance Audit by Matson and Isom, CPA was discussed and approved by Committee. Construction progress on Buckeye School of the Arts and

	Central Valley High School was shared, as well as budget reports. Central Valley High School project is expected to start before summer begins.
April 13, 2011	Reviewed and approved expenditures and change orders for Buckeye School of the Arts and Central Valley High School projects. The Committee took a tour of the new Multi-purpose room and the renovated kitchen at Buckeye School of the Arts.
June 23, 2011	Reviewed and approved expenditures and change orders for Buckeye School of the Arts and Central Valley High School projects. Budget Overview and Update, and Project Progress reports for both Buckeye School of the Arts and Central Valley High School were shared. Next Meeting will be held August 10, 2011.
February 21, 2012	Reviewed and approved expenditures and change orders for Buckeye School of the Arts and Central Valley High School projects. Budget Overview and Update, and Project Progress reports for both Buckeye School of the Arts and Central Valley High School were shared. The Measure G General Obligation Bond Compliance and Performance Audit for 2010/11 was reviewed by the Committee. There are still two vacant spots on the Committee. The next meeting will be held April 17, 2012.
April 17, 2012	Reviewed and approved expenditures and change orders for the Central Valley High School project. Budget Overview and Update, and Project Progress reports were shared. There are still two vacant spots on the Committee. The next meeting will be held June 13, 2012.
June 13, 2012	Reviewed and approved expenditures and change orders for the Central Valley High School project and Buckeye School of the Arts. Budget Overview and Update, and Project Progress reports were shared. The Annual Citizen Oversight Committee Report for Fiscal Year ending June 30, 2011 was reviewed and approved. The Committee took a tour of the newly remodeled Talon Hall. The next meeting will be held on August 16, 2012.
August 16, 2012	Reviewed and approved expenditures and change orders for the Central Valley High School project and Buckeye School of the Arts. Budget Overview and Update, and Project Progress reports were shared. There was a discussion about the Bond Committee Term Limits. The next meeting was scheduled for October 18, 2012.
October 18, 2012	Reviewed and approved expenditures and change orders for the Central Valley High School project. Budget Overview and Update, and Project Progress reports were shared. The next meeting was scheduled for January 10, 2013, which was later rescheduled to February 28, 2013.

February 28, 2013	There was a lack of quorum at this meeting so it was cancelled. The next meeting was later scheduled for June 25, 2013.
June 25, 2013	Reviewed and approved final change orders and expenditures for the CVHS project. Budget Overview and Update were presented and final reports on this project were shared. The Annual Citizen Oversight Committee Reports for Fiscal Year ending June 30, 2012 and Fiscal Year ending June 30, 2013 were presented for review and approval. As there are no other projects pending at this time, this will be the last meeting for this committee.
2013-14	The Committee did not meet during the 2013/14 fiscal year. Close-out projects continued to be worked on and expensed, and were monitored by the District Board Members in Board meetings. The CVHS Gym remodel began in May, 2014.
August 12, 2014	The Measure G General Obligation Bond Compliance and Performance Audit for 2012/13 was reviewed by the Committee. The contracts for the CVHS gym remodel project were presented to the Committee. A presentation was made on the District Wide Intercom, Paging and Bell System project. Budget Overview and Update Report was presented and discussed. Selection of Committee Chairperson and Vice-Chairperson took place. Next meeting was tentatively set for October 14, 2014.
October 14, 2014	Budget Overview and Update Reports were presented and discussed. Next meeting was tentatively set for November 18, 2014.
May 15, 2015	Superintendent Harrell sent letter to Committee members, to provide update on bond project status.
September 23, 2015	Budget Overview and Update Reports were presented and discussed. The Measure G General Obligation Bond Compliance and Performance Audits for 2013/14 and 2014/15 were presented. The Annual Citizen Oversight Committee Report for Fiscal Year ending June 30, 2015 was also reviewed and approved by the Committee. The next meeting was set for January 27, 2016, where final expenses for 2015/16 (incurred by December 31, 2015) will be presented to the committee.
January 27, 2016	Budget Overview and Update Reports were presented and discussed for final 2015/16 expenditures incurred by December 31, 2015. The Annual Citizen Oversight Committee Report for Fiscal Year ending June 30, 2016 was reviewed and approved by the Committee.

June 14, 2017	There was a discussion and review of Measure G General Obligation Bond and past bond projects, along with a Library Renovation Timeline review and approval to use $163,120.04 for District-wide Library Renovation Projects. The Committee elected Fred Braun as Committee Chairperson and Dannielle Smith as Vice Chairperson. Kathy Wheeler, the Committee Member representing a Senior Citizens' Organization, submitted her resignation due to other commitments. The next meeting was scheduled for August 30, 2017.

Independent Auditors Audit Report

The Measure G General Obligation Bond Compliance and Performance Audit for 2015/16 was presented to the Gateway Unified School District Board for review and approval at the January 11, 2017 regular meeting. It was reviewed by the Measure G Bond Citizens Oversight Committee on December 27, 2017.

Project Status and Expenditures

All Fund Expenditures were related to the Election of 2008, Series 2017 $6,378,959.95 General Obligation Bonds issuance and the $2,800,000 2017 General Obligation Refunding Bonds.

Project Description	Status	Expenditures Through June 30, 2017
There were no projects in the 2016/17 fiscal year.		$ 0
Payment to Refunded Bond Escrow		$7,682,837.01
Bond Fees, Insurance, Counsel, and Financial Advisory Costs		$ 334,445.49

Measure G Bond Citizens Oversight Committee

Tony Angelone	Parent Club Member	Redding, CA
Anne Marie Barrow	Parent	Shasta Lake, CA
Fred Braun	Business Owner	Redding, CA
Craig Haner	Grandparent/Site Council	Shasta Lake, CA
Regina Sharrett	Teacher	Redding, CA
Dannielle Smith	Parent	Shasta Lake, CA
James M. Harrell	District Superintendent	Redding, CA

The Citizen's Oversight Committee, based on the review of the annual financial and performance audit reports and information received at the Bond Oversight committee meetings, certifies that the bond proceeds for the fiscal year ended June 30, 2017 were expended only for the purposes set forth in the ballot measure and that no bond proceeds were expended for any teacher or administrator salaries or other operating expenditures.

Respectfully submitted:

Fred Braun, Chairperson Gateway Unified School District Citizen's Oversight Committee	Date

AGENDA ITEM: 7F

CITIZENS OVERSIGHT COMMITTEE REPORT

MEASURE G GENERAL OBLIGATION BOND OF 2008

For the Gateway Unified School District

FISCAL YEAR ENDING JUNE 30, 2018

Citizens Oversight Committee Report

Background on Measure G - What the Voters Approved

In November 2008, the Gateway Unified School District (GUSD) voters passed a $19 million general obligation bond (Measure G) with 57.7% of voters approving the measure.

The purpose of the bond proceeds was to "improve the quality of education, renovate and construct classrooms and school facilities including libraries and cafeterias; upgrade outdated heating, ventilation and air condition systems; make health and safety improvements; improve student access to computers and modern technology; and improve handicapped accessibility.

Because Measure G was approved through an election process under Proposition 39, the District is obligated to establish a Citizens' Oversight Committee (COC). The committee must be comprised of voters who represent parents, parent-teacher organizations, the business community, senior citizens, taxpayers associations, and the community at large. This committee reviews expenditure reports to ensure that: a) bond proceeds are expended only for the purpose set forth in the ballot measure, and b) no bond proceeds are used for any teacher, administrator salaries or any other operating expenses.

Attached to this report (Exhibit A) is the full text of Measure G which was approved by the voters on November 4, 2008. From the voters' authorization of Measure G, the school district has developed a comprehensive plan to address the need identified in their facility needs assessment. Although there is no way they could do all the projects possible with the funds available, the District, with oversight from the Citizens' Oversight Committee, must ensure that the Bond funds are only for these purposes.

District Progress and Oversight Committee Activities

The report of the Citizens' Oversight Committee (COC) represents the Measure G bond activity for the 2017/18 fiscal year. The report is designed to correlate with the timelines of the voters' approved Measure G, granting GUSD 19 million of bond expenditure authority. A summary of key District and COC activities related to the fiscal year ending June 30, 2018 is as follows.

Measure G Values

Voter approval bond amount	$19,000,000.00
General Obligation Bond Sale July 2009	$ 6,320,717.55
General Obligation Bond Sale December 2013	$ 6,300,280.55
General Obligation Bond Sale May 2017	$ 6,378,959.95
General Obligation Refunding Bonds Sale May 2017	$ 2,800,000.00

The General Obligation Bonds, Election of 2008, Series 2017 (2017 Bonds) represent the final sale authorized by voters in the District at the November 4, 2008 election and will be used to acquire, build, and improve school facilities and to defease the District's outstanding 2007 certificates of participation. The $2,800,000 of 2017 General Obligation Refunding Bonds (Refunding Bonds) refinanced $2,715,000 of the District's 2008 Election GO Bonds, series 2009, for taxpayer savings. Interest rates on the old Series 2009 Bonds ranged between 4.30% and 5.23%, while interest rates for the new bonds are between 0.85% and 2.85%, a difference that will save property taxpayers approximately $340,000 in taxes. The final payment of the new bonds will remain the same as the original July 2034 payment of the Series 2009 Bonds.

Debt Service Schedule

Term	2018 through 2043
Total Debt Service	$ 84,538,905

Citizen's (Bond) Oversight Committee Meeting Schedule and Summary

Meeting Date	Summary
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December 27, 2017	Budget Overview and Updated Reports for the completed Library Renovation Project was presented and discussed. The Measure G General Obligation Bond Compliance and Performance Audits for 2015/16 and 2016/17 were presented. The Annual Citizen Oversight Committee Report for Fiscal Year ending June 30, 2017 and June 30, 2018 was also reviewed and approved by the Committee.

Independent Auditors Audit Report

The Measure G General Obligation Bond Compliance and Performance Audit for 2016/17 was presented to the Gateway Unified School District Board for review and approval at the December 13, 2017 regular meeting. It was reviewed by the Measure G Bond Citizens Oversight Committee on December 27, 2017.

Project Status and Expenditures
All Fund Expenditures were related to the Library Renovation Project, approved June 14, 2017.

Project Description	Status	Expenditures Through June 30, 2018
Library Renovation Project	Complete	$162,528.62

Measure G Bond Citizens Oversight Committee

Tony Angelone	Parent Club Member	Redding, CA
Anne Marie Barrow	Parent	Shasta Lake, CA
Fred Braun	Business Owner	Redding, CA
Craig Haner	Grandparent/Site Council	Shasta Lake, CA
Regina Sharrett	Teacher	Redding, CA
Dannielle Smith	Parent	Shasta Lake, CA
James M. Harrell	District Superintendent	Redding, CA

The Citizen's Oversight Committee, based on the review of the annual financial and performance audit reports and information received at the Bond Oversight committee meetings, certifies that the bond proceeds for the fiscal year ended June 30, 2017 were expended only for the purposes set forth in the ballot measure and that no bond proceeds were expended for any teacher or administrator salaries or other operating expenditures.

Respectfully submitted:

______________________________ ________________

Fred Braun, Chairperson — Date
Gateway Unified School District
Citizen's Oversight Committee