

Measure Q

2015/16 ANNUAL REPORT

This Annual Report is for the period July 1, 2015 through June 30, 2016. The Fresno Unified School District Citizens' Bond Oversight Committee (CBOC) is required to annually present, at a public meeting of the Board of Education, a report on the District's Measure Q facilities bond program that includes:

1. A statement indicating whether the district is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
2. A summary of the Oversight Committee's proceedings and activities for the preceding year.

Measure Q was approved by 76% of the voters in November 2010. It authorizes the issuance of \$280 million in general obligation bonds to offset state budget cuts, attract quality teachers, and repair/improve/modernize classrooms by:

- upgrading vocational education classrooms, science labs, technology and libraries
- improving security, fire safety, restrooms, plumbing and ventilation systems
- increasing handicapped access
- securing state matching funds
- replacing deteriorating portables
- preventing dropouts by improving alternative schools
- acquiring, constructing, repairing campuses, facilities and equipment

Compliance with State Proposition 39

Measure Q is a Proposition 39 bond. Proposition 39, approved by state voters in November 2000, decreased the requirement for passage of local school facilities bonds from two-thirds (66.7%) voter approval to 55%. In conjunction with dropping the approval threshold, Proposition 39 mandates increased oversight of the bond program.

Article XIII A, Section 1(b) (3) of the California Constitution specifies accountability requirements a school district must adhere to if it issues bonds under a Prop 39 election:

- Bond proceeds may be used only for the purposes specified in the ballot measure and not for any other purpose, including teacher and administrator salaries or other school operating expenses.

- The school facilities projects funded must be listed on the ballot.
- The district must conduct an annual, independent performance audit to ensure the bond funds have been expended only on the projects listed.
- The district must conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been expended for the school facilities projects.

The State Controller's Office and the Education Audit Appeals Panel added an appendix section to the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* clarifying the requirements of Article XIII A, Section 1(b)(3) (C)(D), to specifically require that a stand-alone audit report be completed of Proposition 39 bond funds (the Bond Financial Statements audit).

The district's independent accounting firm, Crowe Horwath, conducted and presented at the October 2016 CBOC meeting the Measure Q Bond Financial Statements audit and Measure Q Bond Annual Performance audit reports for 2015/16. *Committee approval – to be added after meeting.*

Reports of Agreed-Upon Procedures were conducted by Crowe Horwath and presented at the July 2015, October 2015, January 2016 and April 2016 CBOC meetings for review. The reports of Agreed-Upon Procedures and the Annual Performance Audit test a sample of bond expenditures to determine if bond proceeds were properly expended and accounted for. In 2015/16, each quarterly report of Agreed-Upon Procedures, and the Annual Performance Audit, concluded that expenditures selected for testing were: expended on a bond project per the ballot; valid bond expenditures (project related costs); properly charged to the location indicated; properly coded as to the nature of the expenditure; made for the acquisition and construction of school facilities, including furnishing and equipping school facilities; and not spent for administrative salaries or other expenses. Each report of Agreed-Upon Procedures was approved by the Citizens' Bond Oversight Committee.

Therefore, the Citizens' Bond Oversight Committee affirms that Fresno Unified School District is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution.

Citizens' Bond Oversight Committee

The purpose of the Citizens' Bond Oversight Committee is to inform the public concerning the expenditure of bond proceeds and to ensure that bond proceeds are expended only for the purposes set forth in the ballot measures. Its primary duties are to review bond project expenditures and present an annual report.

CBOC members, with the exception of the Chair, are appointed by the Board of Education. The Chair is appointed by the Superintendent. Members serve two-year terms with a limit of three consecutive terms. Oversight Committee members are required to live within the boundaries of Fresno Unified School District; be at least 18 years old; and not be a vendor, contractor, consultant, employee or official of the district.

Quarterly Oversight Committee meetings are publicly noticed and held at the Brawley Service Center. During 2015/16, Committee meetings were held on July 28 and October 27, 2015, and January 26 and April 26, 2016.

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All meeting agendas include project updates, review of bond expenditure reports that detail every bond dollar spent, and a report from the independent auditor, either the quarterly report of Agreed-Upon Procedures or Financial and Annual Performance Audit reports. For the CBOC's April meeting, members are provided a tour of projects in progress and recently completed throughout the district.

Oversight Committee members during all or a portion of 2015/16 were: William Clark, Michael Lopez, Al Meyer, Jose Mejia, Jamee Moltini, Guillermo Moreno, Dominic Papagni, Patricia Pointer, Michele Rodriguez, Chuck Riojas, Dillion Savory, Barbara Steck, Kelly Trevino, Nick Yovino and Dennis Zeuner. Fresno Unified is grateful to these individuals for their service.

Measure Q Projects

The following projects were in design or construction during 2015/16.

New Construction and Modernization

- Addams Elementary: Design underway for 8-classroom building and kindergarten building to replace portables
- Addicott Elementary: Campus modernization to serve students with disabilities
- Adult Transition Program (ATP): Modernization plans nearing completion and design approval; construction scheduled to begin summer 2017
- Baird 5-8: Construction of new classroom building scheduled for occupancy in spring 2017
- Bullard High: South classroom building and quad construction completed; north classroom building underway with occupancy scheduled for spring 2017; library and administration building construction underway with completion in summer 2017
- Duncan High School: Design and construction underway to provide multi-phased delivery of CTE classrooms and laboratory spaces for specialized programs; first phase is modernization of existing lab into a welding lab; future phases will include new construction and heavy truck repair labs, new medical pathway building, and new building for expanded Air Force ROTC program
- Ericson Elementary: Design underway for 8-classroom building and kindergarten building
- Figarden Elementary: Construction of new classroom buildings underway as part of a multi-phased project to add 20 new permanent classrooms
- Fresno High Royce Hall: Construction of improvements scheduled to begin in spring 2017 pending construction contract approval
- Robinson Elementary: New kindergarten/pre-school classroom building recently opened
- Slater Elementary: Design is complete, construction scheduled to begin spring 2017; project includes 20 new kindergarten and regular classrooms to replace portables and improvements to the existing main building with upgraded access and security in admin office

- Southeast New School Site (Church and Peach, southwest corner): Site approval granted by California Department of Education; acquisition of 32-acre parcel complete; design underway for school to serve elementary students in the near term with flexibility to become high school in the future as needed based on enrollment
- Turner Elementary: Classroom and admin office construction project underway with completion targeted for August 2017
- Wishon Elementary: Design underway for 8-classroom building to replace portables

Other Capital Improvement Projects

- HVAC: Duncan classrooms and Gym, Easterby boiler, Edison Gym, Hoover cooling towers, Manchester chiller, McLane Gym, Roosevelt Gym, Sunset chiller, Terronez Gym
- Marquees: Fort Miller, Tenaya
- Tennis Court Renovation: Edison, Roosevelt, Sunnyside
- Gym Bleachers: Hamilton, Hoover, Scandinavian
- Gym Floor Renovation: Hoover, Tehipite, Tenaya, Terronez, Wawona
- Paving/Playcourt Renovation: Edison, Heaton
- Replacement Playground Equipment: Calwa, Del Mar, Easterby, Roeding, Viking, Wishon
- Public Address/Signal Systems: Ericson, Ewing, Holland, Homan, Phoenix, Wolters
- Roofing: Heaton, Kings Canyon, Roeding, Tehipite, Wawona
- Irrigation/landscape upgrades (water conservation): Kings Canyon

Measure Q Financial Summary as of June 30, 2016

TO DATE 2015/16

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| ➤ Measure Q funds expended and committed to projects (local funds only) | \$211 million |
| ➤ State funding leveraged and received by the district | \$ 40 million |
| ➤ Total value of projects (local and state funds) | \$251 million |

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| ➤ Available for projects in design/construction and future projects | \$ 69 million |
| ➤ Additional state funds leveraged (approved but not yet received) | \$ 35 million |

Through 2015/16, \$250 million in Measure Q bonds was issued and bonding authority of \$30 million remained. (After the September 2016 Measure Q issuance, all bonding authority has been utilized.) The district has leveraged \$75 million in state funding using Measure Q as the required local match: \$40 million has been received and \$35 million has been approved but is unfunded until a source of funds is

identified at the state level. A school facilities bond is on the 2016 state ballot, and Fresno Unified continues to take extra steps to ensure that facilities projects meet the eligibility requirements of the state facilities programs in the event that funds become available in the future.

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Conclusion and Affirmation of Compliance with State Constitution

Consistent with Measure Q's commitment to the voters, approximately 300 aging portables will have been removed from school campuses throughout the district. In addition, new and updated support and athletic facilities are being provided for our students and community, campus infrastructure including electrical and air conditioning/heating is being improved, and safety/security upgrades are provided.

Measure Q investment is at work across Fresno Unified transforming schools and neighborhoods. Based on the results of the Measure Q Bond Financial Statements audit, Measure Q Bond Annual Performance Audit, and quarterly reports of Agreed-Upon Procedures, the Citizens' Bond Oversight Committee affirms that Fresno Unified School District is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution.