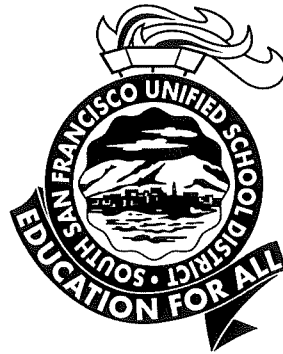


Measure "J" Bond Program
Citizens' Bond Oversight Committee
JUNE 30, 2015 ANNUAL REPORT



Submitted to the
South San Francisco Unified School District Board of Trustees
October 22, 2015

Citizens' Bond Oversight Committee

Dana Abarca
Clerk

Rich Blank
Vice Chairperson

Paul Formosa
Member

Martin Romero
Member

John Sanna
Chairperson

America Guterrez
Member

Richard Holt
Member

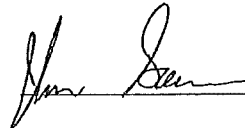
Julia Lopez
Member

Patricia Turpo Ames
Member

Statement of Compliance

This Annual Report is submitted to the Board of Trustees by South San Francisco Unified School District Measure "J" Citizens' Bond Oversight Committee.

The Committee advises that, to the best of its knowledge, the South San Francisco Unified School District is in compliance with the requirements of Article XIII A, Section 1(b) (3) of the California Constitution. Furthermore, the Committee has reviewed expenditure reports produced by the District to ensure that (a) bond proceeds have been expended only for the purposes set forth in the ballot measure; (b) and not for any other purposes, including teacher and administrative salaries and other school operating expenses; (c) and that bond proceeds have been maximized. A summary of the Committee's proceedings and activities for the year ended June 30, 2015 is provided below.

Respectfully Submitted: 

John Sanna, Chair

Measure "J" Citizens' Bond Oversight Committee

Date: 9/16/2015

Summary of the Committee's Proceedings and Activities for 2014-15

The South San Francisco Unified School District was successful at the election conducted on November 2, 2010, in obtaining authorization from the District's voters to issue up to \$162 million aggregate principal amount of the District's general obligation bonds, pursuant to a greater than 55% vote. The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District established the Citizens' Bond Oversight Committee (the "Committee") and By-laws at a regular meeting of the Board of Education held on January 27, 2011 in order to satisfy the accountability requirements of Prop 39.

To satisfy Prop 39 requirements, the Committee has met and reviewed expenditure reports, been updated on the Bond Program's progress (planning, design, and construction) and visited project sites to verify work progress.

Meetings of the Proposition 39 Citizens' Bond Oversight Committee

The Committee conducts its meetings in accordance with provisions of the Ralph M. Brown Public Meetings Act, contained in Section 54950 et seq. of the Government Code. Meeting notices and agendas are sent to members of the Committee, local newspapers, and posted on the front window of the District Office, front window of the pupil personnel building and on the SSFUSD website for the required period of time. Meeting notices, agendas, minutes and all documents and reports received by the committee members are a matter of public record and are available at the South San Francisco Unified School District Office. Also, information is available on the Measure J Bond website located at <https://ssfusd-ca.schoolloop.com/mjb>.

July 8, 2014 (Regular Meeting #21) – District Office Board Room

- Call to Order/Roll Call
- Approval of Meeting Minutes #20
- Review & Approve CBOC 2013/14 Annual Report to Board of Trustees
- Measure J Update
- Review of Measure J Bond Financial Report
- Newsletter and Messaging to the Public
- Attendance Report Review
- Meeting Schedule
- Public Comments – No comments.
- Adjournment to Schools Tour

Documents Received During Meeting:

- Meeting Minutes #20
- CBOC Annual Reports for 2013/14
- Financial Report
- Attendance Report

November 18, 2014 (Regular Meeting #22)- District Office Board Room

- Call to Order/Roll Call
- Approval of Agenda
- Approval of Meeting Minutes #21
- Approval to update bylaws in accordance with Ed Code 15282: Members may serve three consecutive, two year terms
- Acceptance of Rick Ochsenhirt's resignation and election of replacement CBOC chair
- Measure J Update
- Review of Measure J Bond Financial Reports
- Newsletter and Messaging to the Public
- Attendance Report Review
- Meeting Schedule
- Public Comments – Trustee Bush expressed appreciation to CBOC and their work.
- Adjournment

Documents Received During Meeting:

- Meeting Minutes #21
- Financial Report

- Attendance Report

January 20, 2015 (Regular Meeting #23)- District Office Board Room

- Call to Order/Roll Call
- Approval of Agenda
- Approval of Meeting Minutes #22
- Update on Board Action – Renewal of the CBOC terms
- Election of CBOC Officers
- Measure J Update
- Review of Measure J Bond Financial Reports
- Newsletter and Messaging to the Public
- Attendance Report Review
- Meeting Schedule
- Public Comments – No comments.
- Adjournment

Documents Received During Meeting:

- Meeting Minutes #22
- Financial Report
- Attendance Report

March 10, 2015 (Regular Meeting #24)- District Office Board Room

- Call to Order
- Approval of Agenda
- Approval of Meeting Minutes #23
- Recall previous election and reelection of CBOC officers
- Measure J Update
- Review of Bond Audit – FY 13-14
- Review of Measure J Bond Financial Reports
- Newsletter & Messaging to the Public
- Attendance Report Review
- Meeting Schedule
- Public Comments – Aaron Boyd, teacher at SSFHS, read a letter regarding the wifi service at the Press Box at the new field.
- Adjournment to tour – Tour rescheduled for March 17, 2015

Documents Received During Meeting:

- Meeting Minutes #23
- Financial Report
- Attendance Report

March 17, 2015 (Regular Meeting #25)- District Office Board Room

- Call to Order/Roll Call
- Public Comments – No comments
- Adjourn to tour SSFHS, Buri Buri & Parkway

May 12, 2015 (Regular Meeting #26)- District Office Board Room

- Call to Order/Roll Call
- Approval of Agenda
- Approval of Meeting Minutes #24 and #25
- Presentation by District Counsel Regarding Roles, Responsibilities and Regulations of the CBOC
- Keygent Presentation – Asst. Supt. of Business Services
- Measure J Update
- Review of Measure J Bond Financial Reports/Request for District Accounts Payable Measure J records
- Newsletter & Messaging to the Public
- Attendance Report Review
- Public Comments – Members of the WMCA expressed frustration over the waste of Bond money, all expressed appreciation to the Asst. Superintendent of Business Services hard work.
- Meeting Schedule
- Adjournment

Documents Received During Meeting:

- Meeting Minutes #24 & #25
- Handout from District Counsel
- Keygent Measure J Update
- Solar Information from Martin Romero
- Financial Report
- Attendance Report

CBOC Summary and Conclusions

1. Over the past 3 years the purpose of the Measure J Citizens Bond Oversight Committee (CBOC) has been completely ineffective due to the failure and refusal of the Districts' administration to provide sufficient information to the CBOC.
2. It is our function to perform the duties of the CBOC, to review and report committee findings and to ensure that all bond revenues are spent specifically on bond projects only, as outlined in Measure J.
3. The actions by bond management, which has been discovered and disclosed during the past few months, leads us to believe that during the major part of the last 3 years the CBOC has been intentionally misled and misinformed. As result, we have been unable to adequately perform our duties and responsibilities.
4. We also believe that the discontinuation of the originally established advisory committee, at the front end of the bond project process, made it possible for the bond management team to act in an autonomous and uncontrolled fashion.
5. The CBOC has no actual directive or regulatory powers in the bond project process and we have experienced many issues and instances, which has lead us to this conclusion.
6. In CBOC's job description, nowhere is it clearly indicated that we are allowed to put out a quarterly report to the public on the financial health of the bond, which should have included explanations of any shift in bond funds between projects.
7. Bond Management has intentionally impeded the CBOC in the performance of our duties, by their refusal to provide pertinent information when requested. If this information was disclosed by management, the CBOC, the Board and the public would have been aware of the drastic shifts in project funds and questions or concerns could have been raised.
8. The CBOC was given the impression that the districts Measure J newsletter was the extent of the public awareness process. The District should have been more forthcoming with information to the public, which could have help to avoid the negative publicity that has resulted due to recent developments.
9. Requests for information by the CBOC either as a whole and/or by individual committee members, were regularly and repeatedly delayed or ignored by District management. The CBOC was stonewalled, when information was requested regarding specificity of expenditures.
10. The CBOC was only provided with projected budgets and general expense spreadsheet reports, with no disclosure of the actual expenditures that were made by district management. If the CBOC was provided with specific expenditure reports, as requested, we may have been able to raise issues and ask important questions regarding the expenditures of bond funds. Once again we would have seen things that could have raised red flags and would have notified the public, administration and board members of these findings.
11. CBOC is very disappointed with actions taken by the prior administrative management. It is clear from the results of the forensic audit that there were significant contractual issues, lack of controls and overall

management mistakes that were made. It also appears that subsequent actions that were initiated by management was an attempt to try and cover up the mistakes, which lead to more mistakes.

12. It does appear from the forensic audit that significant mismanagement issues have definitely occurred and the possible misapplication of bond funds may have also occurred. The CBOC recommends that these matters be investigated by the appropriate authorities.
13. It is now clear that the actions by management has resulted in the District not being able to complete all of projects and the District is unable to meet its *voter mandated obligations* outline in Measure J, as the funds are no longer available.
14. The road ahead for the remaining Measure J projects is by our account going to be very difficult and there is no clear indication that even the districts own funds will properly offset the shortfall from Measure J funding.
15. The CBOC is also concerned about the projects being removed or delayed, as every project that was listed was specifically designated for Measure J funds to be spent on their completion.
16. Members of CBOC were appointed by the Board of Trustees and are representatives of the SSFUSD public community. Although we are not employed by the district, we are concerned citizens who are residents, voters, and taxpayers.
17. While the recent forensic audit indicates that Measure J funds were spent on bond projects, this does not change the fact that things were done improperly.
18. As members of the CBOC, we have not been provided with sufficient information to make a factual determination. As a result, the CBOC is unable to certify at this time that all bond funds have been spent solely on bond projects.
19. CBOC reporting is supposed to ensure and inform the community that the CBOC is confident that the District has properly and prudently manages its tax dollars. At this time it is very difficult if not impossible for the CBOC to indicate a sufficient level of confidence in the financial reporting, to make this determination.