

MEASURE S BOND PROGRAM

CITIZENS' BOND OVERSIGHT COMMITTEE

**2018/2019 AUDITED FISCAL YEAR ANNUAL
REPORT**

AND

**2018/2019 FISCAL YEAR EXPENDITURE AND
PROGRESS REPORT**

TABLE OF CONTENTS

| | | |
|-------|--|---|
| I. | Introduction..... | 3 |
| II. | About the Compton Unified School District | 5 |
| III. | Citizens' Bond Oversight Committee..... | 5 |
| IV. | Measure S Bond Program Summary..... | 6 |
| V. | Summary of CBOC Activities | 6 |
| VI. | Bond Projects and Financial Summary..... | 8 |
| VII. | Bond Annual Audit Report for the 2018/2019 Fiscal Year | 8 |
| VIII. | CBOC Compliance Statement | 8 |

I. Introduction

This Annual Report (“Report”) is submitted to the Compton Unified School District’s (“District”) Superintendent and Board of Trustees (collectively “Board”) by the District’s Measure S Citizens’ Bond Oversight Committee (“CBOC”).

1. This Report is intended to present the annual financial and performance audits for the 2018/2019 fiscal year, as well as recent activities and opinions of the CBOC. The CBOC is required to prepare and present to the Board, in public session, an annual written report, which includes a summary of the CBOC’s activities and a statement indicating whether the District is in compliance with requirements that bond revenues have been used only for the purposes authorized by the bond measures. (Gov. Code §15280; CBOC Bylaws, Para. 4.1.D.1.)
2. The CBOC advises that, to the best of its knowledge, the District is in compliance with the requirements of Article XIII A, Section 1 (b) (3) of the California Constitution, which requires:

“(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(3) Bonded indebtedness incurred by a school district ... for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board ... has evaluated safety, class size reduction, and information technology needs in developing that list.”

3. The CBOC has reviewed the Annual Audit produced by the District for the 2018/2019 fiscal year for Measure S. The Annual Audit is available on the District’s website at the following link:

[<http://www.compton.k12.ca.us/departments/business-services/financial-information>]

4. Furthermore, the CBOC has reviewed expenditure reports produced by the District.
5. During the 2018/2019 fiscal year to present, the CBOC met four (4) times to receive updates from District staff on the progress of Measure S projects and to prepare the Report. The District presented information and project status updates.

6. To the best of the CBOC’s knowledge, it has determined that:
 - 6.1. All expenditures authorized by the school facility bonds have been presented by District staff and consultants to the CBOC;
 - 6.2. Bond proceeds have been expended only for the purposes authorized by State law and set forth in the ballot measures;
 - 6.3. Bond proceeds have not been expended for any other purposes, including teacher and administrative salaries and other school operating expenses; and
 - 6.4. Bond proceeds have been maximized.
7. The CBOC reports that, to the best of its knowledge, the District has complied with the requirements of State law in its accounting for and expending of bond funds for Measure S projects. Detailed information regarding the Measure S projects is provided later in this Report. Expenditures for Measure S are cumulative through August 28, 2019 and are attached herein as **Exhibit “A”** to this Report.
8. A summary of the CBOC’s proceedings and activities is provided below.
9. The CBOC looks forward to the next year as the District continues to make the facility improvements promised in Measure S. The CBOC would like to thank the community, the Superintendent and the Board of Trustees for their continued support of the CBOC, the District and its students.

_____, Chair

Measure S Citizens' Bond Oversight Committee

Date: _____

II. About the Compton Unified School District

The District was established in the 1970 in the south-central region of Los Angeles County, California. It encompasses the city of Compton and portions of the cities of Carson and Los Angeles. The District serves approximately 26,000 students at 36 sites and is in the midst of a dramatic turnaround, marked by increases in student achievement rates, a graduation rate nearing 90%, dramatic facilities improvements, and a focus on STEAM (an educational approach to learning that uses Science, Technology, Engineering, the Arts and Mathematics as access points for guiding student inquiry, dialogue, and critical thinking) throughout all schools. The District's schools include 21 elementary schools, seven (7) middle schools, four (4) high schools, four (4) alternative schools.

III. Citizens' Bond Oversight Committee

The CBOC is responsible for the review of bond expenditures and preparation and presentation of an annual report. The District's CBOC has oversight responsibilities for Measure S. CBOC members generally serve a term of two (2) years, commencing as of the date of appointment. No member may serve more than three (3) consecutive terms. CBOC members are not compensated for their services.

The District's CBOC is comprised of members representing the required constituent groups from throughout the District's service region. The Board and District staff are working diligently to plan for and fill vacancies.

CBOC Members in 2018:

- Mitchell Weinbaum, Chair; Business Community
- Samuel Salcedo, Vice Chair; Bona Fide Taxpayers' Organization
- Marjorie A. Shipp, Secretary; Business Community, Senior Citizen's Organization, Bona Fide Taxpayers' Organization
- Jose Luevano; Bona Fide Taxpayers' Organization
- Willie O. Jones; Senior Citizens' Organization
- Tracie Brown; Parent of Child in the District
- Michael Hopwood; Community at Large

CBOC Members in 2019:

- Mitchell Weinbaum, Chair; Business Community
- Willie O. Jones; Senior Citizens' Organization
- Samuel Salcedo, Vice Chair; Bona Fide Taxpayers' Organization
- Marjorie A. Shipp; Business Community, Senior Citizen's Organization, Bona Fide Taxpayers' Organization
- Tracie Brown; Parent of Child in the District

CBOC Members in 2020:

- Mitchell Weinbaum, Chair; Business Community
- Willie O. Jones; Senior Citizens' Organization
- Samuel Salcedo; Vice Chair, Bona Fide Taxpayers' Organization
- Marjorie A. Shipp; Business Community, Senior Citizen's Organization, Bona Fide Taxpayers' Organization
- Tracie Brown; Parent of Child in the District

IV. Measure S Bond Program Summary

The District has 1 bond authorization:

- The District was successful at the election for Measure S, conducted on November 3, 2015, in obtaining authorization from the District's voters to issue up to \$350,000,000 aggregate principal amount of the District's general obligation bond, pursuant to a greater than 55% vote. The bond was issued to finance the construction, improvement, equipping and furnishing of various capital finances of the District.

Measure S was passed under Proposition 39 (chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, sections 15264, et seq., of the Education Code) provisions, which allow passage of school bond measures with 55% voter approval if certain conditions are met. The elections were conducted pursuant to Proposition 39 requirements. Proposition 39 allows the District to use bond funds only for projects described in the bond measure language. The funds cannot be used for staff salaries or projects not described in the language of the bond measures. It also mandates the formation of a Citizens' Bond Oversight Committee.

Pursuant to Section 15278 of the Education Code, on January 26, 2016 the District approved Resolution No. 15/16-22, establishing a CBOC, to satisfy the accountability requirements of Proposition 39. The resolution directed staff to propose bylaws for the policies and regulation of the CBOC, which were adopted on February 9, 2016.

V. Summary of CBOC Activities

To satisfy Proposition 39 requirements, the CBOC has met regularly, reviewed expenditure reports, and have been updated on the Bond Program's progress (planning, design, and construction).

The CBOC conducts its meetings in accordance with provisions of the Ralph M. Brown Public Meetings Act, contained in sections 54950, et seq., of the Government Code. Meeting notices and agendas are sent to members of the CBOC and posted at the District Office and the District's website. Meeting notices, agendas, minutes and all documents and reports received by the CBOC members are a matter of public record and are available on the District's website as follows:

<https://www.compton.k12.ca.us/departments/business-services/facilities/measure-s-webpage/cboc-community>.

1. **September 20, 2018 –**
2. **December 4, 2018 – District Office Board Room #132**
 - Roll Call was taken with the following members in attendance:
 - Willie O. Jones
 - Samuel Salcedo
 - Marjorie A. Shipp
 - Mitchell Weinbaum
 - Approval of September 20, 2018 Minutes
 - Tabled for Next Meeting
 - Public Comment
 - Approval of Draft CBOC Annual Report
 - Update on Measure S Bond Expenditures/Current Financials and Annual Audit
 - Approval of CBOC 2019 Quarterly Meeting Dates
 - Update on Replacing Member Tracie Brown
3. **April 18, 2019 Meeting – District Office Board Room #132**
 - Roll Call was taken with the following members in attendance:
 - Willie O. Jones
 - Samuel Salcedo
 - Marjorie A. Shipp
 - Mitchell Weinbaum
 - Approval of September 20, 2018 Minutes
 - Approval of December 4, 2018 Minutes
 - Public Comment
 - Approval of Draft CBOC Annual Report
 - Update on Measure S Bond Expenditures/Current Financials
 - Update on Board Approval of the Schematic Design of Compton High School
 - Update on Project Timeline for Compton High School
 - Update on Financial Performance Audit 2016 - 2017
4. **September 4, 2019 Meeting – District Office Board Room #132**
 - Roll Call was taken with the following members in attendance:
 - Willie O. Jones
 - Samuel Salcedo
 - Marjorie A. Shipp
 - Mitchell Weinbaum
 - Approval of April 18, 2019 Minutes
 - Public Comment
 - Approval of Draft CBOC Annual Report
 - Update on Measure S Bond Expenditures/Current Financials
 - Update on Recent Issuance of Series B and Impact on Property Tax

- Update on Financial Performance Audits 2017 - 2018
- Approval of Draft Measure S Bond Program CBOC Annual Report

VI. Bond Projects and Financial Summary

Measure S active projects for the 2018/2019 fiscal year was Compton High School.

VII. Bond Annual Audit Report for the 2018/2019 Fiscal Year

In accordance with Proposition 39, Measure S contains strict financial safeguards, including a requirement that independent audits be conducted annually to ensure bond funds are spent on the acquisitions, expansions, upgrades, construction, equipping, furnishing, and/or improvements identified in the Bond Measure.

The Auditor found that the District properly accounted for the expenditures and bond funds were spent on authorized projects.

The Financial and Performance Audit Report for the 2018-2019 fiscal year is available on the District's website: http://www.compton.k12.ca.us/media/6130/measure-s-bond-building_audit-2019.pdf

VIII. CBOC Compliance Statement

Bond expenditures and bond projects have been reviewed by the CBOC to ensure that bond funds are spent only on school facility improvements authorized by Measure S. Bond expenditures are audited annually by an independent audit firm retained by the District. The CBOC has reviewed the Annual Audits, and other materials requested from/provided by the District as set forth above, and believes, to the best of its knowledge, that the District is in compliance with the requirements of Article XIII A Section 1(b)(3) of the California Constitution.

Exhibit A
Compton Unified School District
Measure S - Building Fund 21
Expenditure Report - 01-28-21 @10:50AM

| | 2019-20 | 2020-21 | Total to Date |
|---------------------------------------|-------------------------|------------------------|-------------------------|
| Expenditures | | | |
| Contracted Services | | | |
| DLR | \$ 3,526,755.89 | \$ 626,865.68 | \$ 4,153,621.57 |
| PLYCO CORP | \$ 9,850.00 | | \$ 9,850.00 |
| California Newspapers Partnership | \$ 13,378.82 | | \$ 13,378.82 |
| Cumming Construction Management | \$ 514,595.41 | \$ 286,680.00 | \$ 801,275.41 |
| MDC Engineers, Inc. | \$ - | \$ 92,000.00 | \$ 92,000.00 |
| PS2, Inc. | \$ - | \$ 11,048.02 | \$ 11,048.02 |
| Ninyo & Moore Geotechnical | \$ 25,638.18 | | \$ 25,638.18 |
| Department of Toxic Substances | \$ 3,580.74 | | \$ 3,580.74 |
| Sky Blue Environmen, Inc | \$ 69,278.00 | | \$ 69,278.00 |
| Sean Khan Consulting Company | \$ - | | \$ - |
| Sean Nelson | \$ 3,250.00 | | \$ 3,250.00 |
| ENVISE | \$ 42,232.00 | | \$ 42,232.00 |
| Environmental Network Corp. | \$ 75,960.00 | | \$ 75,960.00 |
| Consolidated Safety Services | \$ 14,700.00 | | \$ 14,700.00 |
| Perez Fence Compay | \$ 6,800.00 | | \$ 6,800.00 |
| Department of General Services | \$ - | \$ 1,214.29 | \$ 1,214.29 |
| Architect Fee - Bond Projects | | | |
| Payment for 3 competing firms | \$ 62,150.00 | \$ 81,315.96 | \$ 143,465.96 |
| Legal Fees | \$ 512,949.22 | | \$ 512,949.22 |
| Chicago Title Co. | \$ 1,561,000.00 | | \$ 1,561,000.00 |
| State of California Condemnation Fund | \$ 1,170,000.00 | | \$ 1,170,000.00 |
| Other Refunds | \$ (7,839.55) | | \$ (7,839.55) |
| Palmieri, Hennessey & Leifer, LLP | \$ 570,460.64 | | \$ 570,460.64 |
| Nationstar Mortgage Holdings, Inc | \$ 228,927.69 | | \$ 228,927.69 |
| Department of Industrial Relations | \$ 25,000.00 | | \$ 25,000.00 |
| K2 Demolition CO., INC. | \$ 91,669.00 | | \$ 91,669.00 |
| Department of General Services | \$ 1,205,250.00 | | \$ 1,205,250.00 |
| PLYCO CORP | \$ 21,000.00 | \$ 127,900.00 | \$ 148,900.00 |
| K2 Demolition CO., INC. | \$ 94,200.00 | | \$ 94,200.00 |
| Sky Blue Environmen, Inc | \$ 34,745.00 | | \$ 34,745.00 |
| Department of Toxic Substances | \$ - | \$ 14,345.37 | \$ 14,345.37 |
| Unified Modular Corporation | \$ - | \$ 72,100.00 | \$ 72,100.00 |
| Colbi Technologies, Inc | \$ 130,000.00 | \$ 65,000.00 | \$ 195,000.00 |
| Total | \$ 10,005,531.04 | \$ 1,378,469.32 | \$ 11,384,000.36 |