

FACSIMILE

TO:

Carole D'Ella

FROM:

Richard Urban

DATE: September 7, 2016

Pages: 7

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Richard G. Urban

August 4, 2016

Anderson Police Department
2220 North Street
Anderson, CA 96007

Shasta County Sheriff's Department
300 Park Marina Circle
Redding, CVA 96001

Gentlemen:

I am a member of the Anderson Union High School District, and I have served as both an elected Board member and an appointed Bond Committee member. In those positions I have observed and made comments to the District on what are illegal practices for the expenditure of Bond money approved by the District taxpayers. The following are the items of my concern:

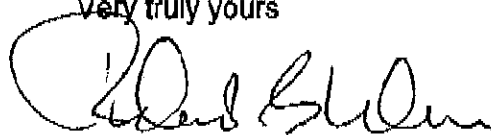
1. Expended \$10,000,000 of Bond funds without competitive bidding;
2. Did not make available annual fiscal audits of the Bond funds to the Bond Committee;
3. Did not allow for review of the expenditure of Bond funds;
4. District provided erroneous financial reports to Bond Committee;
5. The Bond Committee no longer exists, and the District has \$2,300,000 bond funds available for expenditure;
6. Expended Bond funds on projects and limits of projects which were not on the list of approved projects;
7. The annual audit did not contain truthful information regarding expenditure of Bond funds;
8. Projects were completed without plans and specifications;
9. The annual audit was not completed by an independent auditor;

Anderson Police Department
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- 10. The promise of expending 50 percent of the Bond funds at each high school was not adhered to.

Thank you for your consideration of this matter of public agency fraud.

Very truly yours



RICHARD G. URBAN

Attachments:

- Letter to District and Board Members alleging misuse of Bond funds
- Complaint legal background

COMPLAINT**COMPLAINANT:** Richard G. Urban**DEFENDANT:** Anderson Union High School District
1469 Ferry Street
Anderson, CA 96007
530-378-0568

Complainant Richard G. Urban is a citizen residing in the Anderson Union High School District (AUHSD) who is assessed and is liable to pay an ad valorem tax on real property within the school district. This action is allowed under the California Education Code known as the "School Board Waste Prevention Action". The complaint items are covered under California Education Code 15284 & 15278. AUHSD Board policies R3311, 3312, Public Contract Code 20111 and the full text ballot proposition of the Bond Issue.

I. The District did not bid the construction projects where they expended \$10,000,000 of the \$12,300,000 bond funds. The expenditures for the projects were required to be bid referenced by:

(A) District Board Policy 3311 BIDS Advertised/Competitive Bids:

"The district shall advertise for competitive bids when any public project contract involves an expenditure of of \$15,000 or more. Public project means construction, reconstruction, erection alteration, renovation, improvement painting, repainting, demolition, and repair work involving a district-owned (Public Contract Code 20111, 22002) leased or operated facility.

"The district shall also advertise for competitive bids when a contract exceeds the amount specified in law, as annually adjusted by the Superintendent of Public Instruction, for any of the following: (Public Contract Code 20111)

(1) The purchase of equipment, materials or supplies to be furnished sold, or leased to the district.

(2) N/A

(3) N/A

(B) District Board Policy 3312 CONTRACTS:

"The governing board recognizes its responsibility to enter into contracts on behalf of the district for the acquisition of equipment, supplies services, and other resources necessary for the achievement of district goals. In exercising this authority to enter into a contract, the Board shall ensure that the district's interest is protected and that the terms of the contract conform to applicable legal standards, including the bidding requirements in Public Contract Code 20111."

(C) Full Text Ballot Proposition of the Anderson Union High School District - Bond Measure Election states November 6, 2012 page B-3:

"The final cost of each project will be determined as plans and construction documents are finalized, construction bids are received, construction contracts are awarded and projects are completed. Based on the final cost of each project certain of the projects described above may be delayed or may not be completed."

II. Constructing and expending funds for project or projects not listed on the "Priority Schools Projects List"**(A) The California Constitution, Article XIII A Section 1(b)(3)(B):**

"A list of the specific school facilities projects to be funded and certification that the school district board, community college board or county office of education has evaluated safety, class size, reduction, and information technology need in developing that list."

(B) Article XIII Section (1)(b)(3)(C):

"A requirement that the school district board, community college board, or county office of education conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed."

III. A bond oversight committee was appointed initially; however, presently there is not an appointed committee. While the committee was in existence they did not receive copies of the annual audit to review.

(A) Education Code Section 15278(C)(1):

"Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (c) of paragraph (3) of Subdivision (b) of Section 1 of Article XIII A of the California Constitution.

(B) Education Code 15280(a)(2) :

"The governing board of the district shall provide the citizens oversight committee with responses to any and all findings, recommendations and concerns addressed in the annual, independent financial and performance audits required by subparagraphs (c) and (d) of paragraph (3) of subdivision (b) of Section 1 of Article IIIA of the California Constitution within three months of receiving the audits."

"It is the intent of these allegations that an investigation proceed of the Anderson Union High School District under Education Code 15288 which states: "It is the intent of the Legislature that, upon receipt of allegations of waste or misuse of bond funds authorized in this chapter, appropriate law enforcement officials shall expeditiously pursue the investigation and prosecution of any violation of law associated with the expenditure of those funds."

Enc: Letter to Board Members and District Superintendent.

December 31, 2015

Tim Azevedo, Superintendent
Anderson Union High School District
1469 Ferry Street, Anderson, CA 96007

Mr. Azevedo:

I have not received an answer to my question which was stated in the District Board meeting of November 17, 2015. The question I asked at the aforementioned meeting was: "What gives you, the AUHSD Board of Trustees the right to violate your Board Policies and the requirements of the Bond Ballot Proposition which both call for bids?" The minutes of that meeting are incorrect as they do not state my issue correctly. The issue I asked about was the BIDDING requirement not the lease-leaseback process as stated in the minutes.

The Full Text Ballot Proposition, Page B-3, states: "The final cost of each project will be determined as plans and construction documents are finalized, construction BIDS are received, construction contracts are awarded and projects are completed. The district's Board Policies 3312 states: "The governing Board recognizes its responsibility to enter into contracts on behalf of the District for the achievement of district goals. In exercising this authority to enter into a contract, the Board shall ensure that the district's interest is protected and that the terms of the contract conform to applicable legal standards including the BIDDING requirement in Public Contract Code 2011."

The AUHS District has violated its public trust with the Bond funds and will be held responsible for this misuse. The misuse: 1. not receiving bids for comparison of prices and using funds for undesignated projects thereby causing insufficient funds to be available for designated projects. 2. Constructing all the projects at West Valley High School before those designated for Anderson High School thereby causing a shortage of funds for the planned and promised Anderson High projects. When we asked you, Superintendent Azevedo, if there were sufficient funds available to complete the promised Anderson High projects you were less than honest with the Bond Oversight Committee when you replied "yes" as the reality is that one of the primary projects at Anderson High, the new Industrial Arts/Agriculture complex will not be done. A refurbishing of the old facility will be substituted for the facility promised in the Bond Fund passage campaign.

I worked for passage of this Bond based upon the projects put forth in the material we presented to the taxpaying public and continued to be involved in the Bond Oversight Committee. I feel betrayed and am asking the Board of Trustees to correct this misuse of these funds. The taxpayers of the AUHS District place our trust in the Board to make sure that policies are followed and promises are kept, this has not happened with the Bond funds and I urge you and the Board to take a closer look at how these funds were distributed and work to correct the misuse and misappropriation.

Thank you for your time and attention to this important issue,



Richard G. Urban
Bond Committee Member
AUHSD Taxpayer

cc: Board of Trustees
Record Searchlight