

CaLBOC

September 1, 2016

Pedro Nava, Chairman
Little Hoover Commission
925 L Street, Suite 805
Sacramento, CA 95814

Sent to: *Carole D'Elia*, Executive Director
Little Hoover Commission
Email address: carole.d'elia@lhc.ca.gov

Chairman Nava:

The California League of Bond Oversight Committees (CaLBOC) is pleased to present our recommendations to the Little Hoover Commission on what measures the State can take to ensure that the significant amount of debt issued by local agencies can be spent as efficiently as possible. Our focus is on Proposition 39 School Bonds.

As background, our Mission Statement is as follows:

To promote school district accountability by improving the training and resources available to California's Prop 39 school bond oversight committees, educating the state legislature, local school boards, and the public about the oversight and reporting power these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs.

CaLBOC is an all-volunteer, non-partisan association of Citizen Bond Oversight Committee (CBOC) members, current and past, who are interested in helping other CBOC members. CaLBOC was formed in 2006 by CBOC members trying to find better training to help perform their duties. In short, our Mission and Volunteer Board of Directors strongly support efficient spending of bond proceeds.

There are two specific areas we feel require more focus, attention, and where necessary statutory change:

1. Implementation of a Structured Training Program for all Citizens' Bond Oversight Members.
In order to have the most effective bond oversight, the volunteer citizens must have a basic understanding of the role of the bond committee and its required reports (e.g. Performance Audit, Annual Report) pursuant to State Law. CaLBOC stands ready to assist in a training effort

California League of Bond Oversight Committees
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which could possibly be administered by a number of entities such as the Fiscal Crisis Management Assessment Team (FCMAT). It could be available on line via video instruction.

2. Require the Annual Performance Audit for a Bond Program be comprehensive and far reaching in its analysis, which would include a review of Program Effectiveness and Internal Controls. An Annual Performance Audit is required pursuant to the California Constitution with specific Audit requirements found in the Education Code. These requirements include compliance with the General Government Auditing and Accounting Standards (GAGAS).

Presently Performance Audits are only required to focus on Compliance. With respect to Compliance, this relates to assurance: 1) none of the bond proceeds were spent on teachers' salary or operations 2) only the type of projects allowed by the California Constitution (e.g. construction, reconstruction, rehabilitation, or replacement of school facilities) and in the voter approved project list were authorized for expenditures.

In order to get at the Oversight requirements that there should be an active review of whether the bond spending is proper, it is recommended Program Effectiveness and Internal Controls be reviewed by the Performance Auditor. In short, the review would not just look at what you spent the money on but would also analyze the effectiveness and controls over that spending.

Professionals familiar with the design and construction processes inherent in any bond program should do the Performance Audit review. For instance, the consultant should be familiar with proper claims avoidance control in a construction environment.

There are specific training and experience requirements in GAGAS in the conduct of Performance Audit. We must make sure there are auditors who understand the nuances of a bond/construction program. Just because you are a Certified Public Accountant does not mean one understands whether there are proper procedures in place to reduce change orders in construction.

In addition, enclosed with this letter are two CaLBOC proposals relative to Performance Audit and Training. These proposals include are Operating Guidelines which may provide assistance in your review of possible legislative or process changes.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Michael Turnipseed

Michael Turnipseed, President
California League of Bond Oversight Committees



California League of Bond Oversight Committees

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Proposition 39 Performance Audits**

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Proposition 39 Performance Audits

Executive Summary

The annual Proposition 39 performance audit is the most important tool that the Citizens' Bond Oversight Committee has to perform its oversight responsibilities.

Most districts have performance audit objectives that audit compliance with the California Constitution Proposition 39 requirements and do not have program effectiveness and results objectives.

The purpose of this written testimony is to recommend that the best practice is for Proposition 39 annual performance audits to have both compliance and program effectiveness and results objectives.

The annual Proposition 39 performance audit could provide the CBOC with independent information on a district's school bond construction program. It could be the single most important tool to assist the CBOC in fulfilling the intent of the legislature.

Unfortunately, almost all of the Proposition 39 annual performance audits are limited to compliance with the California Constitution Proposition 39 requirements as shown below:

- Determine whether expenditures charged to the bond fund have been made in accordance with the bond project list approved by the voters.
- Determine whether salary transactions, charged to the bond fund were in support of the bond measure and not for any other purpose including teacher and administrative salaries and other school operating expenses.

Performance audits with program effectiveness and results objectives of effectiveness of the delivery of the program should be evaluated to provide the taxpayers and community with a comparison of what was promised to be accomplished with the proceeds of the bond vs what was actually done and how well it was done.

Specifically, the state should encourage and provide incentives for K-12 School Districts and Community College Districts to have annual performance audits prepared in accordance with Government Auditing Standards objectives for compliance and program effectiveness and results.



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PROPOSITION 39 PERFORMANCE AUDITS

The annual Proposition 39 performance audit is the most important tool that the Citizens' Bond Oversight Committee has to perform its oversight responsibilities.

Most districts have performance audit objectives that audit compliance with the California Constitution Proposition 39 requirements and do not have program effectiveness and results objectives.

The purpose of this written testimony is to recommend that the best practice is for Proposition 39 annual performance audits to have both compliance and program effectiveness and results objectives.

This written testimony is presented in four sections:

- Legislative Intent for Citizens' Bond Oversight Committees (CBOC).
- Proposition 39 Performance Audits History.
- Performance Audit Best Practices.
- Recommendation.

Attached are three appendices that support our testimony.

Legislative Intent for Citizens' Bond Oversight Committees (CBOC)

Perhaps the most concise description of the role of the Citizens' Bond Oversight Committee is found in the Legislative Intent as follows as found in Education Code 15264:

(a) Vigorous efforts are undertaken to ensure that the expenditure of bond measures, including those authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, are in strict conformity with the law.

(b) Taxpayers directly participate in the oversight of bond expenditures.

(c) The members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money.

(d) That unauthorized expenditures of school construction bond revenues are vigorously investigated, prosecuted, and that the courts act swiftly to restrain any improper



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88 information on a district’s school bond construction program. It could be the single most
89 important tool to assist the CBOC in fulfilling the intent of the legislature as expressed in
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104 delivery of the program should be evaluated to provide the taxpayers and community
105 with a comparison of what was promised to be accomplished with the proceeds of the
106 bond vs what was actually done and how well it was done.

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108 **Proposition 39 Performance Audits History**

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110 On June 27, 2000 the Governor approved an amendment to Education Code Section
111 15278 that provides that the CBOC may engage in “receiving and reviewing” the annual
112 independent performance audit. This legislation was approved prior to the approval of
113 the November 7, 2000 constitutional amendment in order to improve the chances of the
114 passage of the constitutional amendment.

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116 The November 7, 2000 Proposition 39 California Constitution amendment was approved
117 by the voters that required annual performance audits.

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119 On September 23, 2010 the Governor approved an amendment to Education Code
120 Section 15288 that provided the annual performance audits shall be conducted in
121 accordance with the Government Auditing Standards issued by the Comptroller

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127 General of the United States for financial and performance audits. Effective January 1,
128 2011 was the first time that a standard for Proposition 39 performance audits had been
129 prescribed. Prior to this amendment there were a wide variety of performance audit
130 standards including some financial audits that were actually financial audits that were
131 labeled “performance audits.”

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133 On September 6, 2011 the Governor approved an amendment to Education Code Section
134 15288 that provided that the annual performance audits for the preceding fiscal year shall
135 be submitted to the CBOC by March 31 of each year.

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137 On August 12, 2013 the Governor approved an amendment to Education Code
138 Section 15280 that required performance audits to be submitted to the CBOC at the same
139 time they are submitted to the school district or community college district. This bill also
140 required the governing board of the district to provide the CBOC with responses to any
141 and all findings, recommendations, and concerns addressed in the annual independent
142 performance audit within 3 months of receiving the audits.

143

144 On August 27, 2013 the Governor approved an amendment to Education Code Section
145 14502.1 that provides that the Controller, on or before January 1, 2015, and in
146 consultation with other state agencies, to submit to the Education Audits Appeal Panel to
147 be included in the audit guide, Standards and Procedures for Audits beginning in the
148 2015-16 fiscal year, that is related to performance audits.

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150 On April 27, 2015 the Education Audit Appeals Panel approved an amendment to the
151 2015-16 Audit Guide in compliance with the August 27, 2013 bill described above.
152 This amendment required only the compliance performance audit procedures required by
153 the California Constitution and did not provide for program effectiveness and results
154 procedures. See Appendix A.

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156 Observations:

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- 158 • For the first ten years of the Proposition 39 program there were no standards for
159 performance audits.
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- 161 • Starting in 2010 various legislative changes were made in regards to performance
162 audits to increase the capacity of the CBOC to use these audits in performing its
163 oversight responsibilities
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- 165 • An attempt was made in 2013 to have the State Controller amend the Annual
166 Audit Guide to include program effectiveness and result objects. That attempt
167 failed.



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- Currently the CBOC receives a performance audit with minimal information: were expenditures made for approved projects and not for salaries or other school operating expenses.
- Currently the performance audit is of very limited value to the CBOC on what was done and how well it was done. The CBOC can't fulfill its mission without this information.

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Performance Audit Best Practices

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Government Auditing Standards prescribe four categories of performance audit objectives:

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- **Compliance** audit objectives relating to criteria established by law. For Proposition 39 bonds the California Constitution requires the performance audit to determine that bond funds were spent on voter approved projects and that no bond funds were used for any teacher or administrative salaries or other school operating expenses.
- **Program effectiveness and results** audit objectives typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results. This is the most comprehensive audit and is the type of audit that would provide the public with the best information to oversee school bond construction programs.
- **Internal controls** objectives relate to an assessment of an organization's system of internal controls. This category is not used for Proposition 39 school construction performance audits.
- **Prospective analysis** audit objectives provide analysis or conclusions about information that is based on assumptions about events that may occur in the future. This category is not used for Proposition 39 school construction performance audits.

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Compliance performed audits are required.

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207 Program effectiveness and results performance audits are optional. However,
208 this type of performance audit is considered “best practice” as it provides
209 independent information to the CBOC with a comparison of what was promised
210 to be accomplished with the proceeds of the bond, what was done and how well
211 it was done.

212 It is our opinion that a “best practice” Proposition 39 performance audit should
213 have objectives in the following areas:

- 214 • Proposition 39 compliance
- 215 • District and professional services staffing plan for the bond program
- 216 • Design and construction schedules cash flow analysis
- 217 • Design and construction budget management
- 218 • Bidding and procurement procedures
- 219 • Procurement fraud prevention and detection controls
- 220 • Bond program master planning and reporting
- 221 • Cost, schedule and budgetary management and reporting controls
- 222 implementation
- 223 • Claim avoidance and control procedures
- 224 • Materials specifications
- 225 • Cost benefit and value engineering analyses
- 226 • Maintenance of district assets funded by the local bond and warranty
- 227 conditions compliance
- 228 • Implementation of schedule, quality, scope and performance
- 229 management controls
- 230 • Change order management and controls application
- 231 • Contractor billing compliance controls
- 232 • Project close-out controls
- 233 • Post-funding review
- 234 • Refunding of outstanding bonds
- 235 • Arbitrage and investments
- 236 • Timeliness of payments
- 237 • Local participation requirements
- 238 • CBOC compliance

239 See Appendix B for a detailed description of these twenty-two objectives.
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See Appendix C About California League of Bond Oversight Committees.

Recommendation

To improve local oversight of school and community college facility construction projects passed under the reduced threshold established by Proposition 39, the state should bolster the capabilities of local oversight committees.

Specifically, the state should encourage and provide incentives for K-12 School Districts and Community College Districts to have annual performance audits prepared in accordance with Government Auditing Standards objectives for compliance and program effectiveness and results.

Prepared by: Nick Marinovich, CaLBOC Executive Director/Board of Directors and Anton Jungherr, CaLBOC Board of Directors and Co-Founder

Approved by: Michael Turnipseed, CaLBOC President

September 22, 2016 Testimony to be presented by: Michael Turnipseed, CaLBOC President

September 2, 2016

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Appendices

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A. Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting 2016-17 – Performance Audits

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B. Performance Audit Objectives – Best Practice (CaLBOC)

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C. About California League of Bond Oversight Committees (CaLBOC)

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California League of Bond Oversight Committees

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APPENDIX A

APPENDIX A

2016-17

Guide for Annual Audits of K-12 Local Education Agencies
and State Compliance Reporting



Education Audit Appeals Panel
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July 1, 2016

Appendix

LOCAL SCHOOL CONSTRUCTION BOND AUDITS

REPORT COMPONENTS FOR PERFORMANCE AUDITS

The report of each performance audit performed pursuant to this Appendix shall contain:

- (a) The objectives, scope, and methodology of the audit
- (b) The audit results, including findings, conclusions, and recommendations, as appropriate
- (c) A statement about the auditor's compliance with *Government Auditing Standards*
- (d) A summary of the views of responsible officials
- (e) If applicable, the nature of any confidential or sensitive information omitted.

Workpaper Auditor
Reference Initials

A. FINANCIAL AUDIT PROCEDURES

- 1. Determine whether the bond fund financial statements present fairly, in all material respects, the financial position of the fund for the year ended, and the results of its operations for the period then ended, in conformance with accounting principles generally accepted in the United States of America.
- 2. Test internal control over financial reporting and compliance with laws, regulations, or provisions of contracts or grant agreements.
- 3. If deficiencies in internal control, noncompliance with laws, regulations, or provisions of contracts or grant agreements; fraud; or abuse; are identified, describe them in a finding.

B. PERFORMANCE AUDIT PROCEDURES

- 1. Select a representative sample of expenditures charged to the facilities project(s) and review supporting documentation to ensure that such funds were properly expended on specific projects listed in the text of the applicable ballot measure.
- 2. Verify that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

Appendix

LOCAL SCHOOL CONSTRUCTION BOND AUDITS

3. Verify that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

4. If the school district did not properly account for the expenditures, if such expenditures were made for unauthorized bond projects, or if salary transactions were used for general administration or operations, include a finding in the audit report.



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APPENDIX B

APPENDIX B

**CALIFORNIA LEAGUE OF BOND OVERSIGHT COMMITTEES
PROPOSITION 39 PERFORMANCE AUDIT OBJECTIVES - BEST PRACTICE**

Proposition 39 performance audit should be performed in accordance with Government Auditing Standards (Yellow Book) for compliance and program effectiveness and results objectives.

1. Proposition 39 Compliance – Verification of compliance with Proposition 39, which requires that Bond proceeds only be used for school facilities projects that were listed with the local bond and that salary transactions charged to the Bond Program are in support of the bond measures and not for District general administration or operations.
2. District and Professional Services Staffing Plan for the Bond Program – Review of the District’s staffing plan for an approach to in-house staffing and consultant staffing that includes key metrics such as positions staffed, number of personnel, number of planned projects and dollar value of planned projects utilized by the District to help determine organizational structure alignment with the Bond Program needs as segregated by modernization versus new project staffing needs.
3. Design and Construction Schedules Cash Flow Analysis – Review for the use of methods to track the schedule of available revenues and expenditures for all projects and to plan each building project in accordance with the availability of funds. Compare the District’s revenues and expenditures cash flow analysis and reporting to Government Financial Officers Association (GFOA) guidance on cash flow reporting and management guidance. Determine whether the District confirms the availability and appropriateness of revenue and cash sources for Bond Program financial management. Assess whether the District measures the adequacy of cash flow in relation to project requirements by timeframe for the local school construction bond.
4. Design and Construction Budget Management – Compare design and construction budget management practices to GFOA standards to measure the effectiveness of controls surrounding Bond-funded projects. Review for the use and reporting of adopted budget, budget-to-actual, budget-to-projected expenditures and revenue and means to clarify Bond Program progress and financial standing (e.g., narratives, graphs, charts, etc.). Analyze the design of budgetary management controls for the documentation and explanation of deviations from the original budget by key construction component for user

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reference.

5. Bidding and Procurement Procedures – Procurement controls will be evaluated for application of competitive and fair subcontracting practices that prevent excessive expenditures. We will conduct interviews and review relevant policies, example bids and contractor selection files to evaluate the following procurement controls:
- Application of State of California procurement requirements
 - Procurement requirements approval
 - Competitive bidding practices implementation
 - Process for evaluation of proposed cost support reasonableness and relevance
 - Bidder prerequisites, pre-qualification requirements and selection criteria
 - Appropriate representation on bid selection committees
 - Work performance/delivery confirmation by appropriate project management personnel
 - Billing approval process with complete supporting documentation requirements checklist
 - Purchase of performance bonds and insurance

We will also evaluate controls designed to integrate procurement processes with controls that prevent and/or detect excessive materials costs. Materials processes and activities to be reviewed include the following:

- Use of the schedule and project status for materials orders
- Finance purchase order (PO) review and approval
- Match between schedule of values, installations and amounts billed
- Inbound quality inspection and work performance/delivery confirmation
- Material receipt match to PO and invoice prior to payment
- Complete recording of materials transactions on project records and the District General Ledger
- Materials receipt, safeguarding and issuance controls
- Appropriately secure job site (fencing, guards, restricted access)
- Materials storage, controls and inventory counting requirements

Validate that support for the use of sole source procurement was documented,

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cost justification was available and required approvals were applied. Summarize sole source procurement documentation reviewed and instances where the specifications were narrowly defined to be vendor-specific. For competitive bids, verify compliance with requirements of the California school construction state requirements, Public Contracting Code, and state and other relevant laws and regulations. Evaluate procurement controls for application of competitive and compliant contracting practices. Review contractual pricing and change orders for increases to competitively bid project amounts when then project scope did not change.

6. Procurement Fraud Prevention and Detection Controls – Review to validate that District controls are in place to prevent and detect procurement fraud. Assess the implementation of ethics policy, reporting protocols, staff screening requirement, consequences, training and escalation procedures to prevent and detect fraud. Analyze controls designed to screen and communicate ethics policy application and reporting requirements to suppliers. Review segregation of duties controls designed and implemented to prevent unauthorized obligations and payments. Assess information systems security and manual process controls designed to ensure fraud prevention controls are operating properly. Review the completeness of monitoring controls implemented to identify, report and address significant procurement anomalies. Verify methods applied to verify key reports used for key construction program management decisions are current, accurate and complete.
7. Bond Program Master Planning and Reporting:
 - a. Master Planning – Review for the design and implementation of a master plan that identifies construction program scope priorities for the use of the local school construction bond funds. Determine whether the plan established prioritization objectives using criteria such as facility safety, longevity and educational requirements. Assess the support for estimates used for establishing master plan budgets and use of the master plan in priorities in determining the use of Bond Program funds.
 - b. Bond Program Reporting – This includes the evaluation of the effectiveness of communication methods used for managing the bond program. This will include review of periodic board reports, monthly project status reports, budget reports, various logs, information requests, schedule reports, safety reports, weekly/monthly project meeting minutes and payment application approval meeting minutes. Audit procedures will assess the capability of

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these different communication forums to address District stakeholder needs. This includes comparing and contrasting communication methods with good practices used by other similar organizations to identify any opportunities for improvement.

Methods to communicate renovation plans for each site and new construction plans will be reviewed and compared to best practices. This will include review of published plans and discussions with Facilities and site personnel. Responsibility and accountability for site communication project performance and coordination of site activities will be reviewed.

Procedures will be performed to review for separate and distinct financial and budgetary reporting for the local school construction bond. Assess whether a standalone the local school construction bond report is provided to the Board of Trustees and Public to summarize progress against Bond Program plans with actual and forecasted cost comparison to budgets for planned projects.

This includes review of construction change order information reporting to required end users to identify total change order impact for each project with cause and responsibility for the change identified. Additionally, verify the application of Public Contract Code section 20118.4 for supporting documentation of cost and cause analysis applicable to change order approval decisions prior to change order submission to the District Board of Trustees.

8. Cost, Schedule and Budgetary Management and Reporting Controls Implementation – This analysis will cover measurement and management of cost, schedule and budgetary reporting. This will include review of the following processes and control activities:

- Budget variance analysis/cost reporting by cost code detail and summary. This includes analysis of budget, changes, spending, commitments, forecast and variance to budget.
- Cumulative earned value and funding reconciliation to timing of goods and service delivery.
- Project schedule with well-defined milestones that match project requirements.
- Compliance with project funding legal requirements.
- Comparison of project and District accounting records.
- Approved project scope document that matches design requirements.
- Change control guidelines and senior management approval for initial

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PROPOSITION 39 PERFORMANCE AUDIT OBJECTIVES – BEST PRACTICE**

authorization and scope changes.

- Cost and schedule, budget and actual analysis.
 - Documentation of test results and quality inspections.
 - Earned hours/earned units' budget and actual analysis.
 - Billing review and spending variance approvals.
 - Spending review and approval for proper coding.
9. Claim Avoidance and Control Procedures – Review for the implementation of procedures designed to prevent and address claims filed against the District related to construction projects for the period.
10. Materials Specifications – Determine whether the District has and uses a standardized items list and educational specifications for Bond Program materials procurement to identify facilities material requirements. Assess whether District materials requirements are available to project architects and designers and verify whether materials specifications are used in procurements and provided to all bidders during the procurement process. Review for cost-benefit analysis performed in setting materials standards and for District Management approvals required for significant materials specification changes.
11. Cost Benefit and Value Engineering Analyses – Review cost-benefit and value engineering analysis procedures and documentation of practices applied. Verify whether analyses conducted to determine if the requirements (e.g., materials, assets, systems, etc.) of the project or equipment purchase could be obtained at a lower price or for a better value, specifically when weighing cost, time and function. Assess whether value is determined by objective criteria that may include, but need not be limited to, price, features, functions, lifecycle costs and other criteria deemed appropriate by the District. Compare District practices to guidelines recommended by SAVE International®. Assess whether

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the District determined a cost threshold for the application of value engineering in a practical manner.

12. Maintenance of District Assets Funded by the Local Bond and Warranty Conditions Compliance – Review District practices for maintenance of a list for all assets incorporated into school site construction and complete and accurate information regarding warranted items. Verify the District implementation of controls surrounding the required maintenance of its assets in accordance with warranty terms, application of a formal system of logging this information for inventory purposes and use of warranties where possible.

13. Implementation of Schedule, Quality, Scope and Performance Management Controls – Review bond program goals and objective statements, how well these have been communicated, their implementation in policy and procedures, and how well District and contractor personnel understand and apply them. This includes review of how reports and communications relate to the bond program objectives.

This analysis will cover approvals required before performance of bond program activities and expenditures. We include review procedures to determine whether the District implemented a program delivery model that requires appropriate scope, documented actions and approvals before the design, construction and close-out project phases. The definition of deliverables for each project phase and requirements for approvals will be reviewed. This analysis will include review of tools and support processes for each project phase, comparing them to other efficient projects and good industry practices.

14. Change Order Management and Controls Application – Controls and activities to manage change orders will be evaluated for application of practices designed to prevent unallowable and/or excess costs as well as charges for change orders that are not the District's responsibility. Key change order management and control areas to be reviewed include:

- Change order review checklist and approvals
- Independent review of proposed change order costs
- Change order documentation activities
- Identification of design and contractor error information in architect/engineering records and comparison to proposed change orders
- Appropriate application of cost codes and accounting practices

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15. Contractor Billing Compliance Controls – Processes to review and approve contractor charges will be analyzed to prevent excessive charges and overpayments. Interviews will be conducted to ensure accurate understanding of events and circumstances surrounding construction and professional service contract compliance. Transaction flow and cost control processes will be covered during these interviews. Documentation and support for billings and change order charges will be examined to evaluate:
 - Charges match with actual performance and work completion
 - Delivery of contracted services
 - Payments in accordance with compensation terms
 - Billing reconciliation to contract terms
 - Verification that required lien releases are obtained timely and with each billing
16. Project Close-Out Controls – Evaluate the District’s policies, procedures and practices to close out projects in accordance with contract requirements. This review included analysis of checklists, procedures, retention policies, and contract terms and conditions. Analyze procedures implemented to identify the parameters for contractor performance and compare the District’s close-out procedures to good practices applied by similar organizations. This includes review of criteria for all relevant parties to determine whether a project was complete. These procedures also include processes to verify there were controls to obtain unconditional contractor lien release and ensure unresolved claims are not pending prior to final payment.
17. Post-Financing Review – Determine if (1) the District complied with the United States Securities and Exchange Commission Municipalities Continuing Disclosure Cooperation (MCDC) Settlement Agreement, Administrative Regulation 7214.1 (General Obligation Bonds Disclosure) and Administrative Regulation 7214 (Post-Issuance Tax Compliance Procedures) when selling bonds and (2) the District complied with Bond pricing requirements established by the District prior to sale.
18. Refunding of Outstanding Bonds – Determine if Bonds refunding plans and actions comply with State and District specified requirements.
19. Arbitrage and Investments – Determine if (1) the District complied with Internal Revenue Service arbitrage requirements for bond sales (2) investment of cash

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from bond sales meet all legal requirements.

20. Timeliness of Payments – Determine if the District pays vendors within thirty (30) days.
21. Local Participation Requirements – Determine if the District complies with its policies on socioeconomic requirements like local hire and prevailing wage adherence as well as participation by small business firms.
22. CBOC Compliance – Determine if the CBOC and District complied with (1) Board Policy 7214.2, Citizens’ Bond Oversight Committee, and CBOC By-Laws and (2) Proposition 39 requirements to ensure CBOC meetings are held as scheduled, meeting minutes are appropriately taken and approved.
23. Transparency of Bond Program – Evaluate the overall transparency of the District’s bond program using the San Diego County Taxpayers Association criteria.



California League of Bond Oversight Committees

**Little Hoover Commission Testimony September 22, 2016
Proposition 39 Performance Audits**

APPENDIX C

APPENDIX C



About CaLBOC

About California League of Bond Oversight Committees (CaLBOC)

The California League of Bond Oversight Committees (CaLBOC) is an all-volunteer, non-partisan association of Proposition 39 Citizens' Bond Oversight Committee (CBOC) members, current and past, who are interested in helping other CBOC members. CaLBOC was formed in 2006 and incorporated in 2008.

CaLBOC is a 501(c)3 nonprofit public benefit corporation organization and currently is the only statewide organization providing training to CBOC members.

“The specific purpose for which this corporation is organized are to help Bond Oversight Committee members perform the civic duties they have taken on in the best manner possible through training, providing a forum for discussion and representing common interest at the statewide level. (Articles of Incorporation)

CaLBOC has a twelve-person Board of Directors composed of current and former CBOC members, local government officials, members of taxpayer associations and business representative.

There are three major work products associated with CaLBOC:

Legislation: CaLBOC has co-sponsored seven California legislative bills that have been signed into law by the Governor. See attached list.

Annual Statewide Conferences: Starting in 2012 CaLBOC has organized five statewide annual Sacramento Conferences.

Newsletter: CaLBOC has published over 100 editions of its free online newsletter *CaLBOC Review*. Prior editions are available on the CaLBOC website <http://www.calboc.org>.

CaLBOC Contact Information

Nick Marinovich, Executive Director

Nickmarinovich52@gmail.com

619.934.4982

September 22, 2016



PROPOSAL FOR AN ONLINE BASIC TRAINING COURSE

August 22, 2016

Legislative Accomplishments

The following is a description of Legislation sponsored by Calboc and signed into law:

2010: SB 1473 (State Senator Mark Wyland): Set standards for the performance audit that school districts are required to do annually after approval of a Proposition 39 bond. Specifically, performance audits are now required to abide by the Generally Accepted Government Auditing Standards (GAGAS) "Yellow Book."

2011: SB 423 (State Senator Mark Wyland) A follow-up bill to SB 1473, SB 423 required that financial and performance audits be submitted to the local bond oversight committee and the school district no later than March 31st of each year.

2011: AB 1199 (State Assemblywoman Julia Brownley) Added an additional two-year term for local bond oversight committee members in addition to the four years (two terms) already in law.

2013: SB 581 (State Senator Mark Wyland) SB 581 strengthened transparency requirements for financial and performance audits, by requiring that local BOC's receive them when the district does, and requiring the district to make a written response to the findings of the audit no later than three months after receiving it. This ensures the BOC will have opinions from both the auditor and the district in order to help them craft their required annual report to the general public.

2013: SB 584 (State Senator Mark Wyland) SB 584 required a number of governmental agencies to submit content to the Education Audit Appeals Panel (EAAP) regarding the creation of performance audit guidelines.

2013: AB 182 (State Assemblywoman Joan Buchanan) Reformed Capital Appreciation Bonds (CAB's) by limiting the principle to interest debt ratio at 4:1. Prior to this bill, bond CalBOC advocated for and supported this legislation.

2014: AB 2551 (State Assemblyman Scott Wilk) AB 2551 amends the tax rate statement within a local ballot pamphlet for a bond measure in order to ensure that the fiscal impact of the bond is appropriately stated. Examples could include a written description of how the tax rate calculation was made, etc. This information will provide valuable insight to voters before they make important decisions regarding the approval of long-term debt.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

**PROPOSAL FOR AN ONLINE TRAINING COURSE FOR CALIFORNIA
PROPOSITION 39 CITIZENS' BOND OVERSIGHT COMMITTEES MEMBERS**

Executive Summary

On June 24, 2009 the California Little Hoover Commission submitted a report to the Governor and Legislature that recommended:

To improve local oversight of school and community college school facility construction projects passed under the reduced threshold established by Proposition 39, the state should bolster the capabilities of local bond oversight committees. Specifically, the state must: Require mandatory independent training for bond oversight committee members. The State Allocation Board and the California Community Colleges should develop and host a Web site with easy-to-access training materials and easy-to understand descriptions of the roles and responsibilities of the local citizens' oversight committee members. The Web site should include a mandatory online training course.¹

These recommendations have not been implemented.

CaLBOC supports development of a website with online training materials. We do not think that this training should be mandatory at this time because some small districts have difficulties recruiting Citizens' Bond Oversight Committee (CBOC) members and mandatory training could be a recruitment barrier.

We think that the Fiscal Crisis and Management Assistance Team (FCMAT) would be the appropriate state agency to develop the online training in collaboration with CaLBOC as the mission statements of both organizations are aligned on this matter.

From 2001 to 2015 California voters have approved 857 Proposition 39 bond measures giving school and community college districts authority to borrow a total of \$105.6 billion. On the June 7, 2016 ballots around the state there were 40 Proposition 39 ballot measures approved by the votes for a total of \$5.7 billion. On the November 8, 2016 election there are 158 ballot measures for a total of \$24.7 billion. The grant total to date is 1,055 measures for \$136.0 billion.

In 2016 it is estimated that 182 new CBOC's will be formed with some 1,274 members. It is estimated that at the end of 2016 there will be about 500 CBOC's in California with

¹ Bond Spending: Expanding and Enhancing Oversight, Little Hoover Commission, June 2006, page 59.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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some 3,500 members.

Preliminary discussions on August 26, 2016 with Michelle Giacomini, Chief Management Analyst (Professional Development) at FCMAT indicated that they would be "... interested in continuing the conversation on how we might assist in this endeavor as it's an area we believe would be of great benefit." FCMAT's Chief Executive Officer Joel Montero and Chief Administrative Officer Michael Fine approved Ms. Giacomini August 26, 2016 email to Anton Jungherr. See this email at Appendix G.

Recommendations to the Little Hoover Commission

To improve local oversight of school and community college facility construction projects passed under the reduced threshold established by Proposition 39, the state should bolster the capabilities of local oversight committees.

Specifically, the state must provide independent training for some 3,500 bond oversight committee members, organized in about 500 oversight committees. The California Fiscal Crisis and Management Assistance Team in collaboration with the California League of Bond Oversight Committees should develop a website with easy-to-access training materials and easy-to understand descriptions of the roles and responsibilities of the local citizens' oversight committee members.

The website should be hosted by the California League of Bond Oversight Committees. The website should include a volunteer online training course with a printed certificate for successful completion.

The state should make a grant to the California Fiscal Crisis and Management Assistance Team to fund this effort.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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**PROPOSAL FOR AN ONLINE TRAINING COURSE FOR CALIFORNIA
PROPOSITION 39 CITIZENS' BOND OVERSIGHT COMMITTEES MEMBERS**

On June 24, 2009 the California Little Hoover Commission submitted a report to the Governor and Legislature that recommended:

To improve local oversight of school and community college school facility construction projects passed under the reduced threshold established by Proposition 39, the state should bolster the capabilities of local bond oversight committees. Specifically, the state must: Require mandatory independent training for bond oversight committee members. The State Allocation Board and the California Community Colleges should develop and host a Web site with easy-to-access training materials and easy-to understand descriptions of the roles and responsibilities of the local citizens' oversight committee members. The Web site should include a mandatory online training course.²

These recommendations have not been implemented.

The purpose of this testimony is to provide the California League of Bond Oversight Committees (CaLBOC) response to these recommendations and to provide alternative recommendations for consideration by the Little Hoover Commission.

CaLBOC supports development of a website with online training materials. We do not think that this training should be mandatory at this time because some small districts have difficulties recruiting Citizens' Bond Oversight Committee (CBOC) members and mandatory training could be a recruitment barrier.

We think that the Fiscal Crisis and Management Assistance Team (FCMAT) would be the appropriate state agency to develop the online training in collaboration with CaLBOC as the mission statements of both organizations are aligned on this matter.

This written testimony is presented in four sections:

- Background on Proposition 39 Citizens' Bond Oversight Committees (CBOC).
- Evidence of the need for training.
- Proposed FCMAT/CaLBOC collaboration.
- Recommendations to the Little Hoover Commission.

² Bond Spending: Expanding and Enhancing Oversight, Little Hoover Commission, June 2006, page 59.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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Attached are six appendices in support of our testimony.

Background on Proposition 39 Citizens' Bond Oversight Committees

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. This proposition authorized the approval of bond issues for K-12 Schools and Community Colleges by a 55% vote.

In an effort to increase voter acceptance for Proposition 39, the California Legislature passed, and Governor Davis signed, Assembly Bill 1908 which provided additional requirements relative to school district general obligation bond elections conducted pursuant to Proposition 39.

Those requirements included provisions for school districts conducting Proposition 39 elections and thereafter establishing and appointing members to a Citizens' Bond Oversight Committee.

Perhaps the most concise description of the role of the Citizens' Bond Oversight Committee is found in the Legislative Intent as follows as found in Education Code 15264:

(a) Vigorous efforts are undertaken to ensure that the expenditure of bond measures, including those authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, are in strict conformity with the law.

(b) Taxpayers directly participate in the oversight of bond expenditures.

(c) The members of the oversight committees appointed pursuant to this chapter promptly alert the public to any waste or improper expenditure of school construction bond money.

(d) That unauthorized expenditures of school construction bond revenues are vigorously investigated, prosecuted, and that the courts act swiftly to restrain any improper expenditures.

From 2001 to 2015 California voters have approved 857 Proposition 39 bond measures giving school and community college districts authority to borrow a total of \$105.6 billion. On the June 7, 2016 ballots around the state there were 40 Proposition 39 ballot measures approved by the votes for a total of \$5.7 billion. On the November 8, 2016 election there are 158 ballot measures for a total of \$24.7 billion. The grant total to date is 1,055 measures for \$136.0 billion.

In 2016 it is estimated that 182 new CBOC's will be formed with some 1,274 members.



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Proposition 39 Citizens' Bond Oversight Committees Members Training

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Presently there are about 500 CBOC's in California with 3,500 members. See Appendix C for details.

Evidence of the Need for Training

In addition to the Little Hoover Commission 2009 report, there have been several Statewide organizations and/or studies which have recommended training for CBOC members:

California Policy Center: The California Policy Center July 2015 comprehensive study regarding the history, impacts, and issues with respect to school bonds approved since the passage of Proposition 39 recommended:

Promote bond oversight committees to the public, educate and train oversight committee members and relevant district administrators....

California State Treasurer: California State Treasurer John Chiang December 14, 2015 Task Force on School Accountability final report made this observation among others:

Bond oversight is as much a component of monitoring the effectiveness and validity of an internal control system as it is a part of the control environment itself.

Grand Jury Reports: The Solano County 2014-2015 Civil Grand Jury Report *Citizens Monitoring Measure Q* made the following finding:

CBOC members have not participated in any form of orientation or training to explain their roles, duties, and responsibilities.

The San Mateo County 2009-10 Civil Grand Jury Report *School Bond Citizens' Oversight Committee, Prop 39* recommended the following:

Develop and provide mandatory independent training for bond Citizens' Oversight Committee members. Develop and host a website with easy-to-access training materials and easy-to-understand descriptions of the roles and responsibilities of the local citizens' oversight committee members. The website should include an online training course.

In Summary: There is clear and convincing evidence of the need for an online basis training course for California CBOC members.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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Proposed FCMAT/CaLBOC Collaboration

201 The California League of Bond Oversight Committees (CaLBOC) is an all-volunteer, non-
202 partisan association of Citizens' Bond Oversight Committee (CBOC) members, current
203 and past, who are interested in helping other CBOC members. CaLBOC was formed in
204 2006 and incorporated in 2008 by CBOC members trying to find better training to help
205 perform their duties. CaLBOC is a 501(c)3 charitable organization and is the only statewide
206 organization providing training to CBOC members. See <http://www.calboc.org>. See
207 Appendix D for additional CaLBOC background information.

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The purpose of CaLBOC:

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211 “This corporation is a nonprofit public benefit corporation and is not for the private
212 gain of any person. It is organized under the Nonprofit Public Benefit Corporation
213 Law for charitable purposes. The specific purposes for which this corporation is
214 organized are to help Bond Oversight Committee members perform the civic duties
215 they have taken on in the best manner possible through training, proving a forum
216 for discussion and representing common interest at the state level.”³

217

218 California Grand Jury Association (CGJA) is also an all-volunteer organization recognized
219 by the U.S. Internal Revenue Service and State of California as a 501(c)3 nonprofit
220 organization. CGJA has a mission statement, in part, similar to CaLBOC:

221

222 “To promote, preserve, and support the grand jury system through training,
223 education, and outreach.”⁴

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225 Every year the CGJA conducts training programs for grand juries on their various civil
226 functions. CaLBOC aspires to develop the capacity to prepare and deliver training as
227 CGJA. See Appendix E for more information about CGJA.

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229 Fiscal Crisis and Management Assistance Team (FCMAT) is a state agency whose mission
230 to to help California local educational agencies fulfill their financial and management
231 responsibilities by providing training and related school business services. “FCMAT
232 coordinates statewide professional development efforts for school business officials.”⁵

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See Appendix F for more information about FCMAT.

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³ Articles of Incorporation of California League of Bond Oversight Committees, December 5, 2008.

⁴ <http://cgja.org/about-cgja>, August 24, 2016.

⁵ FCMAT's Function, <http://fcmat.org>, August 24, 2016.



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Proposition 39 Citizens' Bond Oversight Committees Members Training

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CaLBOC and FCMAT mission statements are closely aligned.

It would be beneficial for CaLBOC and FCMAT to collaborate on the following activities:

- Prepare training materials for CBOC members.
- Have the training materials reviewed by CaLBOC Board of Directors, CaLBOC Professional Advisors and other CBOC members on a pro bono basis.
- Have training materials reviewed by stakeholders, including, but not limited to, California Association School Business Officials (CASBO), California Association for Adequate School Housing (CASH), and Association of Chief Business Officials, California Community Colleges (ACBO).
- Publish approved training materials on the CaLBOC website.
- Establish and maintain a CaLBOC online help desk on the CaLBOC website.
- Establish and maintain a California Proposition 39 CBOC Member Directory on the CaLBOC website.
- Establish and maintain a California Proposition 39 Performance Audit Directory on the CaLBOC website.
- Establish and maintain a California Proposition 39 Financial Audit Directory on the CaLBOC website.

It is further proposed that the state be requested to provide funds to FCMAT for these activities and that FCMAT contract with CaLBOC and others as needed to perform these services.

This proposal focuses on development of a sixteen (16) module online video training course hosted on the CaLBOC website. Modules could be accessed in any order on a desktop computer, iPhone or another device and/or thru Microsoft Go To Meeting or other facility to a group of members. Each module could be supported with PowerPoint slides, handouts, resource documents, exercises, tests and trainer guides. See Appendix A for a description of the sixteen (16) proposed modules and the learning objectives for each module.

See Appendix B for CaLBOC's Operational Guidelines for Bond Oversight Committees.

Preliminary discussions on August 26, 2016 with Michelle Giacomini, Chief Management Analyst (Professional Development) at FCMAT indicated that they would be "... interested in continuing the conversation on how we might assist in this endeavor as it's an area we believe would be of great benefit." FCMAT's Chief Executive Officer Joel Montero and Chief Administrative Officer Michael Fine approved Ms. Giacomini August 26, 2016 email to Anton Jungherr. See this email at Appendix G.



Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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Recommendations to the Little Hoover Commission

To improve local oversight of school and community college facility construction projects passed under the reduced threshold established by Proposition 39, the state should bolster the capabilities of local oversight committees.

Specifically, the state must provide independent training for some 3,500 bond oversight committee members, organized in about 500 oversight committees. The California Fiscal Crisis and Management Assistance Team in collaboration with the California League of Bond Oversight Committees should develop a website with easy-to-access training materials and easy-to understand descriptions of the roles and responsibilities of the local citizens' oversight committee members.

The website should be hosted by the California League of Bond Oversight Committees. The website should include a volunteer online training course with a printed certificate for successful completion.

The state should make a grant to the California Fiscal Crisis and Management Assistance Team to fund this effort.

Prepared by: Nick Marinovich, CaLBOC Executive Director/Board of Directors and Anton Jungherr, CaLBOC Board of Directors and Co-Founder

Approved by: Michael Turnipseed, CaLBOC President

September 22, 2016 Testimony to be presented by: Michael Turnipseed, CaLBOC President

September 2, 2016

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Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

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Appendices

- A. Proposed Training Course for Proposition 39 Citizens' Bond Oversight Committee Members
- B. CaLBOC Operational Guidelines for Bond Oversight Committees, November 20, 2015
- C. Tables, Proposition 39 Bond Measures
- D. About California League of Bond Oversight Committees (CaLBOC)
- E. About California Grand Jurors' Association (CGJA)
- F. About Fiscal Crisis and Management Assistance Team (FCMAT)
- G. Fiscal Crisis and Management Assistance Team (FCMAT) Email of Support



California League of Bond Oversight Committees

Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

APPENDIX A

APPENDIX A

**California League of Bond Oversight Committees
Proposed Training Course for Proposition 39
Citizens' Bond Oversight Committee Members
September 22, 2016**

Introduction: Shown below is a proposed training course for Proposition 39 Citizens' Bond Oversight Committees (CBOC) members. This course consists of sixteen (16) modules. The modules would be designed to be delivered independently. The modules could be delivered at the same time or at various times. The modules could be delivered online through the CaLBOC website, Go to Meeting and/or in person. Each module would be supported with PowerPoint slides, videos, handouts, resource documents, exercises, tests and trainer guides.

No.	Module Name	Learning Objective
1	Role and Responsibilities of Committee	To review the CA Constitution Proposition 39 provisions including the legislation that implemented this proposition
2	Transparency	To review various transparency requirements.
3	California State Public Records Act	To review the requirement of this law
4	Memorandum of Understanding (MOU) and/or Bylaws	Review best practice for CBOC bylaws and MOU and CaLBOC Model Bylaws and CaLBOC Model MOU
5	Committee Operations	To review standing committees, minutes, agenda, tours of construction sites, frequency of meetings., ethics, conflict of interest, legal liability, legal advice, joint meeting with Board of Education
6	Project Lists	To review the legal requirements for a project list and the use of the project list in providing oversight to school construction.
7	Construction Schedules	To review the best practices for preparing construction schedules, maintaining these schedules current and the format for these schedules.
8	Construction Financial Reports	To review the need for monthly construction financial reports and the best practices for the format for these reports.
9	Construction Management	To review basics of construction management including change orders and bidding requirements
10	Website	To review the legally require CBOC website and the use of this website in informing the public

**California League of Bond Oversight Committees
Proposed Training Course for Proposition 39
Citizens' Bond Oversight Committee Members
September 22, 2016**

No.	Module Name	Learning Objective
11	Robert's Rules of Order	To review basic parliamentary procedures.
12	Financial Audits	To provide an overview of the annual legally required financial audit and the use of these audits in performing the Committee's oversight role.
13	Performance Audits	To provide an overview of the annual legally required performance audit and the use of these audits in performing the Committee's oversight role.
14	Annual Reports	To review the legal requirement for an annual report and the contents for this report
15	Best Practices	To review CaLBOC Best Practices
16	Resources	To review various resources available including CaLBOC, and CaLBOC Board of Advisors

Nick Marinovich and Anton Jungherr



California League of Bond Oversight Committees

**Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training**

APPENDIX B

APPENDIX B

California League of Bond Oversight Committees CaLBOC Operational Guidelines for Bond Oversight Committees

CALBOC is an all volunteer, non-partisan association of bond oversight committee ("BOC") members, current and past, and other experts, who are interested in helping BOC members throughout California. Our mission is to help BOC members perform the civic duties they have taken on in the best manner possible. ¹

Some have asserted the bond oversight committees are a public relations ploy designed to make bond passage easier, while giving the committees no real power. Others have asserted that districts should enhance the independence of oversight committees and thus the credibility of the committee and the district's standing in the eyes of the public.

It is the mission of CaLBOC to support BOCs and districts to gain the trust and confidence of voters in the expenditure of school bond funds. These Operational Guidelines are committed to that purpose.

Most BOC members step into their position without any training. The lack of knowledge makes the work harder than it needs to be and the members less effective as well. The purpose of these Operational Guidelines is to provide a basis for the BOC to perform a self-assessment of their committee operations and identify training needs. This document could also be used as an outline for developing a training program for committee members.

CaLBOC believes that these Operational Guidelines will enhance the effectiveness of the oversight that voters rely upon when making decisions at the ballot box on school bond measures. These Operational Guidelines were also written with the intent to provide meaningful guidelines that BOCs can consider in order to meet Education Code 15264(a), which states it is the intent of the Legislature that "vigorous efforts are undertaken to ensure that the expenditure of bond measures...are in strict conformity with the law."

CaLBOC would also like to thank the Contra Costa Grand Jury for recommending, among other things, that school districts make available to BOCs for their consideration "in creating committee bylaws and operating procedures" copies of CaLBOC's Operational Guidelines (referenced as "recommended Best Practices") in the Grand Jury's report 1208, "School Bond Oversight Committees – Raising the Bar." (Report 1208 can be found under the "CaLBOC Training" tab in our website or: <http://www.calboc.org/reports/CCCGJ1208.pdf>)

The Operational Guidelines are divided into two sections within this document:

- Section I: Legal Requirements set forth by the *California Constitution* and *Education Code*
- Section II: Recommended Best Practices

SECTION I		
Legally Required by <i>California Constitution</i> and <i>Education Code</i> (EC)	Reference	OK
1. Appointment: Governing board shall establish and appoint members to an independent citizens' oversight committee within 60 days of the date that the governing board enters the election results on its minutes	EC Section 15278(a)	/

¹ CALBOC commenced on December 5, 2008 and is a 501(c)3 charitable organization, which was founded by Anton Jungherr and Michael Day, who have both served for years on bond oversight committees overseeing complicated school bond programs. These Operational Guidelines have been updated as of November 20, 2015.

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION I (Cont'd...)	Reference	OK
<p>2. Review Expenditures: The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction</p>	EC Section 15278(b)	
<p>3. Inform the Public: The citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues.</p>	EC Section 15278(b)	
<p>4. Actively Review and Report: The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayer's money for school construction.</p>	EC Section 15278	
<p>5. Advise the Public: The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of Section 1(b)(3) of Article XIII A of the California Constitution.</p> <p>Section 1(b)(3) of Article XIII A includes four subparagraphs, i.e., 3A through 3D, known as "accountability requirements." These accountability requirements are listed below and in Item 6 and 7:</p> <p>Section 1(b)(3)(A)... <i>A requirement that the proceeds from the sale of the bonds be used only 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... and NOT (emphasis added) for any other purpose, including teacher and administrator salaries and other school operating expenses.</i></p> <p>Section 1(b)(3)(B)... A list of the specific school facilities projects to be funded [project list] and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.</p>	<p>EC Section 15278</p> <p>California Constitution: Section 1(b)(3) of Article XIII A</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION I (Cont'd...)	Reference	OK
<p>6. Performance Audit: 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 <u>specific projects listed</u>.</p> <p>The performance audit shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. (This requirement was a result of CaLBOC co-sponsored legislation – Wyland Senate Bill No. 1473, Chapter 294, September 23, 2010.)</p> <p>The BOC should review the performance audit. Further, the performance audit for the preceding fiscal year shall be submitted to the BOC at the same time the audit is submitted to the school district or community college district, no later than March 31 of each year. (This requirement is a result of CaLBOC co-sponsored legislation - Wyland's Senate Bill No. 423, Chapter 237, September 6, 2011.)</p> <p>The governing board of the district shall provide the BOC with responses to any and all findings, recommendations, and concerns addressed in the annual, independent performance audit within three months of receiving such audit. (This requirement is a result of CaLBOC co-sponsored legislation – Wyland's Senate Bill No. 581, Chapter 91, August 12, 2013.)</p>	<p>EC Section 15278(c)(1)</p> <p>EC Section 15286</p> <p>California Constitution Section 1(b)(3)(C) of Article XIII A</p> <p>EC 15280(a)(2)</p>	
<p>7. Financial Audit: The requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.</p> <p>The Financial Audit shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States.</p> <p>The BOC should review copies of the financial audit. Further, the Financial Audit for the preceding fiscal year shall be submitted to the BOC at the same time the audit is submitted to the school district or community college district, no later than March 31 of each year.</p> <p>The governing board of the district shall provide the BOC with responses to any and all findings, recommendations, and concerns addressed in the annual, independent financial audit within three months of receiving such audit.</p>	<p>EC Section 15278(c)(3)</p> <p>EC Section 15286</p> <p>California Constitution Section 1(b)(3)(D) of Article XIII A</p> <p>EC 15280(a)(2)</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION I (Cont'd...)	Reference	OK
<p>8. Inspect Facilities: Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of Section 1(b)(3) of the California Constitution. (See Item 5 above.)</p>	<p>EC Section 15278(2)(c) California Constitution Section 1(b)(3) of Article XIII A</p>	
<p>9. Deferred Maintenance: Receive and review copies of any deferred maintenance proposals or plans developed by a district.</p>	<p>EC Section 15278(c)(4)</p>	
<p>10. Professional Fees: Review efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs of professional fees.</p>	<p>EC Section 15278(c)(5)(A)</p>	
<p>11. Site Preparation: Review efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs of site preparation. (See Section on Cost Reduction Measures in Attachment)</p>	<p>EC Section 15278(c)(5)(B)</p>	
<p>12. Joint Use Core Facilities: Review efforts by the district to maximize bond revenues by mechanisms designed to reduce costs by joint use of core facilities. (See Section on Cost Reduction Measures in Attachment)</p>	<p>EC Section 15278;</p>	
<p>13. School Site Design: Review efforts by the district to maximize bond revenues by mechanisms designed to reduce costs by incorporating efficiencies in school site design. (See Section on Cost Reduction Measures in Attachment)</p>	<p>EC Section 15278; CaLBOC</p>	
<p>14. Reusable Facility Plans: Review and encourage efforts by the district to maximize bond revenues by mechanisms designed to reduce the costs by the use of cost-effective and efficient reusable facility plans. (See Section on Cost Reduction Measures in Attachment)</p>	<p>EC Section 15278</p>	
<p>15. Support: The governing board shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.</p>	<p>EC Section 15280(a)</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION I (Cont...)	Reference	OK
<p>16. Open to Public: All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board (Ralph M. Brown open meeting act).</p>	EC Section 15280(b)	
<p>17. Regular Reports and Promptly Report Any Abuse to Public: The citizens' oversight committee shall issue regular reports on the results of its activities.</p> <p>BOC members should promptly alert the public to any waste or improper expenditure of school construction bond money.</p>	<p>EC Section 15280(b)</p> <p>EC Section 15264(c)</p>	
<p>18. Annual Report: The citizens' oversight committee shall issue a report on the results of its activities at least once a year (aka, "annual report").</p>	EC Section 15280(b)	
<p>19. Website: Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.</p>	EC Section 15280(b)	
<p>20. Seven Members: The citizens; oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two terms.</p>	EC Section 15282(a)	
<p>21. Business Member: One member shall be active in a business organization representing the business community located within the district.</p>	EC Section 15282(a)(1)	
<p>22. Senior Citizens' Member: One member shall be active in a senior citizens' organization.</p>	EC Section 15282(a)(2)	
<p>23. Taxpayers' Organization Member: One member shall be active in a bona fide taxpayers' organization.</p>	EC Section 15282(a)(3)	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION I (Cont....)	Reference	OK
24. Parent of Child Enrolled Member: One member shall be a parent or guardian of a child enrolled in the district.	EC Section 15282(a)(4)	
25. Parent of Child Enrolled and Parent Teacher Organization Member: One member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization.	EC Section 15282(a)(5)	
26. No Employee Member: No employee or official of the district shall be appointed to the citizens' oversight committee.	EC Section 15282(b)	
27. No Vendor, Contractor, or Consultant Member: No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee.	EC Section 15282(b)	
28. No Financial Interest: BOC members shall not be financially interested in any contract made by the district.	EC Section 15282(b)	
29. No Conflict of Interest: Committee members shall not engage in any employment, activity, or enterprise for compensation, which is in conflict with his or her duties.	EC Section 15282 Government Code Article 4 and 4.7, Division 4 of Title 1	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

SECTION II – Operational Guidelines	
BOC Member Selection Process and Appointment	OK
<p>Guiding Principles: Bond Oversight is the fair and impartial selection of Bond Oversight Committee members. While the ultimate authority to select the individual members of the Bond Oversight Committee rests with the Governing Board, the process for selection of member should fair and impartial to ensure BOC members are truly independent and are the most qualified to fill the required minimum number of positions (i.e., 7 members).</p>	
<p>Desirable Characteristics: It is highly desirable that the BOC consist of a balance individuals posses the following employment backgrounds:</p> <ul style="list-style-type: none"> • Large scale construction professionals, e.g., project management, builder, architects, engineers • Finance Professionals • CPAs/Internal Auditors/Accountants • Real estate acquisition or sales professionals • Experts in environmental laws or regulations • Information Technology professionals 	
<p>When to Appoint the BOC:</p> <p>Although the requirement is to appoint BOC members within 60 days of a bond measures voter approval, it is recommended that the BOC members be appointed no later than 30 days after such voter approval so that the BOC is in place to scrutinize the terms of the initial bond sale and to be able to review which projects will be funded with priority.</p>	
<p>Notice of BOC Vacancies:</p> <p>Inform the public of vacancies by advertising via all available means, such as announcement on district website, newspaper, social media, bona fide taxpayer organizations, etc., until the vacancy is filled.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

BOC Member Selection Process and Appointment	OK
<p>Process:</p> <ul style="list-style-type: none">• A standard application form should be completed by interested BOC applicants.• Applicants should also provide a resume along with a letter as to why they to be a member of the BOC.• As many of the members as possible should be recommended and appointed by another entity recognized as being bona fide and independent (e.g. Local Taxpayers Association, Building Contractors Association).• Professional advocates for interested groups who have a potential financial stake in Bond Project decisions should be discouraged, e.g., union president for an electrical contractors union representing electricians who receive bond proceeds.• There should be an evaluation Committee to conduct interviews consisting of at district staff, an existing BOC member, and the Human Resources Department.• Create an Evaluation Committee to make recommendations to the Superintendent who would then forward them to the governing board.• The BOC member shall be truly independent of the district bond program by having no significant historical or personal ties with vendors, contractors, district staff or board.• BOC members filling the two community-at-large positions are preferred to live in the district.• The district should provide the governing board with relevant information that is being relied upon by district staff in approving a BOC applicant.• The governing board may conduct interviews of finalists for the BOC vacant positions.• For the five legally required BOC members, the district should verify that the applicant does in fact meet the requirements.	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Orientation	OK
<p>Orientation/Training: Prior to start, provide comprehensive orientation to new BOC members prior to them beginning work. The orientation/training of the new BOC member should be organized and conducted by the Chair of the Committee or his/her designee:</p> <p>Training material should include, at a minimum, copies of the following:</p> <ul style="list-style-type: none"> • CaLBOC’s Operational Guidelines • Legislative history of Proposition 39, AB 1908 Lempert (2000), and its subsequent legislation: SB 1473 (Wyland – September 2010); AB 1199 (Brownley – July 2012); SB 423 (Wyland – September 2011); SB 581 (Wyland – September 2013), SB 584 (Wyland – September 2013), AB 2551 (Wilk – October 2014) • User’s Guide to the Ralph & Brown Act (California open meeting laws) • Robert’s Rules of Order • Copy of the Contra Costa Grand Jury Report 1208, “School Bond Oversight Committees – Raising the Bar” (2012) • Copies of most the district’s recent financial and performance audit • Current By Laws • Ballot measure language and corresponding board resolution that includes the text of the Projects List approved by voters and governing board • Current District Facilities Master Plan and spending priorities • A description of planned and forecasted projects <p>Bond Oversight Committee members should also refer to the CaLBOC website to obtain access to additional training materials and resources. The training program should emphasize that the BOC member has a responsibility to the taxpayers to ask the probing questions and review substantive data to ascertain whether the district and governing board have expended bond proceeds in a manner authorized by the voters.</p>	
Role of the Bond Oversight Committee	OK
<p>Purpose of the Committee: The purpose of the Committee shall be to inform the public concerning the proper expenditure of the bond proceeds. The Bond Oversight Committee is both prospective and retrospective in nature and holds the District accountable for how the Bond money has been spent to “call out” where money has been spent inappropriately, and comment on proposed or pending District spending decisions ie. the BOC has the duty to comment on all expenditures whether proposed or actually spent.</p>	
<p>Committee Relationship to District Functions: The Bond Oversight Committee should not be drawn into believing their primary role is to defend or justify district decisions. Their role is to question decisions where appropriate as well as report the positive aspects of the district’s bond program.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Role of the Bond Oversight Committee (Cont'd...)	OK
<p>Committee Functions:</p> <ul style="list-style-type: none"> • Actively review and report about the expenditure of bond proceeds to ensure expenditures are only for those items on the projects list authorized by the voters and 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. • Ensure that no funds are used for any teacher or administrative salaries or other school operating expenses by reviewing detail to timecards for in-house district employees being paid salaries and benefits out of bond proceeds. Some in-house district employees work on the bond program and unrelated duties. BOCs should ensure bond proceeds are not used to pay for unrelated bond program duties. <p>(See also Attorney General Opinion 04-110 published November 9, 2004.)</p> <ul style="list-style-type: none"> • Receive and review copies of the annual independent performance audit. Ensure the district has responded to any findings, observations, and concerns noted by the auditor. • Receive and review copies of the annual independent financial audit. Obtain an understanding of internal controls concerning cash disbursements, purchase orders, and accounting systems used by the district and construction management firm. • Conduct regular BOC initiated site tours to inspect school facilities and grounds to ensure bond revenues are expended in compliance with Article XIII A, Section 1(b)(3) of the California Constitution. • Receive and review copies of any deferred maintenance proposals or plans developed by the school district including Education Code Section 17584.1. • Review efforts by the school district to maximize bond revenues and review the district's implementation of cost saving mechanisms, including, but not limited to: <ul style="list-style-type: none"> ✓✓ Mechanisms designed to reduced the cost of professional fees; ✓✓ Mechanisms designed to reduce the costs of site preparation; ✓✓ Recommendations regarding the joint use of core facilities; ✓✓ Mechanisms designed to reduce costs by incorporating efficiencies in school site design; and ✓✓ Recommendations regarding the use of cost-effective and efficient reusable plans. [Education Code §15278(c)]. <p>The District and BOC shall encourage incentives for contractors to identify cost saving measures without compromising its reliability or performance characteristics.</p>	

**California League of Bond Oversight Committees (CALBOC) -
Operational Guidelines for Bond Oversight Committees**

Role of the Bond Oversight Committee (Cont'd...)	OK
<p>Expenditure Review:</p> <p>BOCs have broad authority to report on the expenditure of bond proceeds during all phases of project implementation up to the time projects are completed.</p> <p>BOCs should review whether proposed spending/projects and the district's Facilities Master Plan and relating phasing are consistent within the context of the voter approved ballot language.</p> <p>BOCs should verify whether expenditures were disclosed in the projects listed in the voter approved ballot language. BOCs should be provided detailed schedules to assist in monitoring:</p> <ul style="list-style-type: none"> • progress of construction projects; • budgets showing updated forecasted project costs vs. actuals; • cash flow schedules showing an accounting of available bond proceeds, amounts committed, and available cash; • change orders and claims detail; • detail of expenditures, including detailed soft costs; and • detail of any additional funds, such as developer fees and state matching funds that are being used to subsidize projects that are also funded with bond proceeds. <p>BOCs should also review contracts to major projects to understand the type of agreed upon expenditures.</p> <p>BOCs should be aware of EC 15284, which provides taxpayers a remedy, on a prospective basis, to seek an action to obtain a restraining order against the district to prevent any expenditure of bond funds that is for purposes not authorized and/or in violation of Section 1(b)(3) of Article XIII A of the Constitution and where such unauthorized expenditures, even if subject to litigation, will continue to be made and will produce waste or great or irreparable injury.</p> <p>The action provided under EC 15284 is known as the "School Bond Waste Prevention Action."</p>	
<p>Meetings: BOCs are in charge of scheduling and organizing meetings. Meetings should be held monthly. An agenda should be posted within 72 hours of the meeting in accordance with the Ralph & Brown Act. The Agenda should be posted on the district's website, along with meeting minutes and all documents received by the BOC should be provided on the website.</p>	
<p>Liaison: The district's Superintendent/Chancellor should designate a staff person to act as a liaison to the BOC. The Liaison should be made at meetings along with any other staff person, such as Chief Business Official, Facilities personnel, third-party project manager, and legal counsel (in-house or third party expert) in order to assist the BOC carry out its duties.</p>	
<p>Clerical Support: The district's Superintendent/Chancellor should designate a staff person to provide clerical support to the BOC including electronic recording of meetings, preparation of agendas and minutes, and maintenance of the BOC's website.</p>	
<p>Budget Request: Prepare and submit annually to the district a request for funding to support the work of the BOC, including cost of receiving training.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Role of the Bond Oversight Committee (Cont'd...)	OK
<p>Subcommittees: BOCs may perform more efficiently and effectively if the BOC delegates time intensive reviews to a subcommittee. Recommended subcommittees can be created for the purpose of reviewing the performance and financial audit; reviewing construction progress over the largest projects; preparing the annual report; and updating and managing the BOC website.</p> <p>Note that subcommittees are generally subject to the Ralph & Brown Act, meaning these meetings would be open to the public, and the subcommittee would be responsible for making regular reports and recommendations to the entire BOC at regularly scheduled monthly meetings.</p>	
<p>Significant Program Changes: The governing board shall provide the oversight committee with the opportunity to review and comment upon major changes in each bond program, such as project prioritization, prior to any significant change being finalized.</p>	
Public Disclosure	OK
<p>Publicize Conclusions on Website: EC 15280 required the district to provide, without expending bond proceeds, to provide the BOC the necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the BOC.</p>	
<p>Website: The BOC's website should be available to the public via access from the district's website. The district should provide assistance to update the website with documents, as required by EC 15280, such as BOC meeting agendas, meeting minutes, all documents received by the BOC (such as posting a letter to the BOC from a concerned citizen) and any reports or other communications issued by the BOC on the internet website maintained by the governing board.</p>	
<p>BOC Members: BOC members should be display on such website including name, category (business person, senior citizen, taxpayer organization, parent or guardian of child enrolled, parent or guardian of child enrolled, parent teacher organization, or at large), date appointed by governing board, date term starts, date term ends, and contract information such as email address.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Financial Audit	OK
<p>Selection: BOCs participate in the process of screening independent auditors for the financial audit of the bond program recognizing that the governing board has the sole authority to make such appointments. The firm or firms performing the annual financial and performance audits should be different from those performing other district audit functions such as the district comprehensive annual financial audit (CAFR).</p>	
<p>Question and Review: BOCs should ask the auditors to explain the internal controls designed to prevent misappropriation and misuse of bond proceeds. Auditors should describe the accounting systems used by the district and project manager. BOCs should ask the auditor to explain what audit procedures were performed while conducting the financial audit.</p>	
<p>Comments: The committee shall review and comment upon the annual financial audit report prior to its presentation to the governing board. The district should inform the BOC of its response to any findings, observations and concerns expressed by the auditor.</p>	
<p>Meeting: The independent financial auditors meet with the BOC at a regularly scheduled meeting no later than March 31 of each year to present the prior fiscal year independent audit.</p>	
<p>Access to Auditors: The BOC shall have unrestricted access to the auditors, including that the BOC should have the opportunity to ask the auditors questions in person during a regularly scheduled meeting.</p>	
Performance Audit	OK
<p>Selection: BOCs should participate in the process of screening independent auditors for the screening independent auditors for the performance audit of the bond program recognizing that the governing board has the sole authority to make such appointments.</p>	
<p>Request for Proposal ("RFP"): BOCs should participate in the preparation of the RFP, including scope of audits.</p>	
<p>Development of Audit Scope and Methodology: Prior to the beginning of each audit the auditors shall meet with the BOC to review the scope the audit and projects to be sampled for testing.</p> <p>BOCs should have unrestricted access to communicate with auditors throughout the year. BOCs should share with the Auditor any concerns observed in connection with any review of expenditures.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Performance Audit (Cont'd)...	OK
<p>Audit Scope: At a minimum the audit scope shall consist of the following review elements and analysis:</p>	
<ul style="list-style-type: none"> • Financial Activities, including relative risk of future bond program debt service requirements. • A comparison of actual expenditures by project to the projects listed in the bond ballot language. • Compliance with State Law and Regulations, including the Public Contracts Code. • Compliance with district Policies and Regulations. • District and professional services staffing plan for the bond program. • Program Management effectiveness. • Design and construction schedules cash flow analysis. • Design and construction costs and budgets versus industry guidelines for similar type construction. • Bidding and Procurement Procedures. • Change order procedures and practices. • Claim Avoidance Procedures. • Expenditure and payment procedures. • Best practices in procurement. • Monitoring local participation requirements and other related Board Policies. • Review of Bond Oversight Committee Meeting Minutes. • Project priority setting process. • Effectiveness of cost/benefit and life cycle cost analyses. 	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Performance Audit (Cont'd...)	OK
<p>Auditor Selection and Evaluation Criteria and Process: The evaluation of prospective Performance Auditors may consider the following:</p> <ul style="list-style-type: none"> • How the auditors plan the financial and performance audit. • How the auditor's determine the scope and if the auditors seek input from the BOC. Under what circumstances do they allow staff to influence the audit plan. • What types of audit procedures will be performed. • What type of documentary evidence will be reviewed by the auditors? Will the auditors perform onsite inspections and inspect inventory. • To what extent do they rely on other auditor's work. For example, will they rely on any work performed by the auditors of the district's CAFR. Will they rely on the auditor's work performed in prior years? • How do the auditors select what they will sample and their sample size. Under what circumstances are sample sizes expanded. • How do the auditors distinguish between audit "findings" and "observations." How will any observations and findings be communicated to the staff and BOC? • How do the auditors determine the time spent on the financial and performance audit and how do they charge their fees. • Any complaints by the State Board of Accountancy. <p>BOCs should also ask how the auditors ensure qualified persons are performing the audits and what types of supervision will they provide to the audit staff.</p>	
<p>Committee Role in Performance Auditor Selection: The BOC shall be invited to participate in the development of the Scope of Work to be performed by the auditor. In addition, the district should make available to the BOC any evaluation of responses to any RFPs with regard to the procurement of the auditor.</p>	
<p>Audit Report Draft Versions: The committee shall receive copies of all draft audit reports at the same time received by the district.</p>	
<p>Correspondence Between District and Auditors: The committee shall receive copies of all correspondence, faxes, emails between the district and auditors as the same time received by the district.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Annual Report	OK
<p>Preparation: The oversight committee shall be the principal author, with staff assistance as may be requested, of its required annual report to the public.</p>	
<p>Purpose: the Annual Report should identify how well the Bond Program has spent taxpayer funds in relation to being cost effective and consistent with what voters were promised in the Ballot Language authorizing the issuance of bonds.</p>	
<p>Report Content: The primary purpose of the Annual Report shall be to report to the public the activity of the Bond Program for the prior Fiscal Year. At minimum, the Annual Report shall consist of the following information in summary form and where appropriate detailed Appendices:</p> <ul style="list-style-type: none"> • A discussion on the progress to date of Bond Program Expenditures in relation to the voter approved ballot language/Project list. • As requested by EC 15278, the BOC should make a statement about whether the district is in compliance with the requirements of Section 1(b)(3) of Article XIII A. • A list of completed and active projects. • A description of the positive accomplishments of the Bond Program. • An identification of the issues and concerns raised by the BOC during the year and the District's response. • An assessment of the transparency and thoroughness of reports and information provided to the BOC. • A summary/synopsis of the major reports prepared on behalf of the Committee • An overall assessment of the District's priority setting process for project expenditures • A description of the bond program. • A synopsis of the Performance Audit. • A listing of the current members and terms of expiration. • A breakdown of existing and project bonded indebtedness including current tax rate, amount of debt issued, amount of bonds not yet sold, assessed value growth rates; and explain any drift from estimated tax rates. • A list of recommendations to the Government regarding cost saving mechanisms that are not in place. (See EC 15278(c)(5).) <p>As an overall tool the Annual Report should identify how well the Bond Program has spent taxpayer funds in relation to being cost effective and consistent with what voters were promised in the Ballot Language authorizing the issuance of bonds.</p>	
<p>Deadline: The annual report should be completed and approved by the BOC within 60 days after the end of the calendar year or school year.</p>	
<p>Presentation to the Governing Board: The annual report should be presented to the governing board at a joint meeting of the governing board and the BOC.</p>	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Audit Report (Cont'd...)	OK
Distribution: The report should appear on the BOC website.	
Final Report – All Bond Proceeds Expended: Upon completion of the entire bond fund program, the BOC should prepare and distribute a complete detailed analysis of all expenditures, noting significant variances from the originally stated expenditures in the ballot measure.	
Access to the Governing Board and Superintendent	OK
Meetings with Superintendent: The BOC should meet at least quarterly with the Superintendent.	
Joint Meetings: The BOC should have semi-annual joint meetings with the governing board.	
Reports to the Governing Board: All recommendations approved by the BOC should be presented to the governing board at their next regularly scheduled meeting and shall be included in the board's agenda package.	
Governing Board Response: The BOC shall respond to all BOC recommendations within 60 days of the presentation to the governing board.	
Oversight Committee Acceptance: The BOC should go on record with its acceptance or objection to the governing board's response to BOC recommendations.	
Bond Issuance	OK
Issuance of Bonds: The district shall inform the oversight committee the full details of the selection of bond counsel, underwriters, and the issuance of bonds.	
New Bond Series: The oversight committee shall be fully informed before each new series of bonds are issued, including terms of financing and cost of total debt service.	
Bylaws	OK
Adoption: The governing board has adopted bylaws or administrative regulations outlining fundamental aspects of committee operations and activities, including BOC attendance rules.	
Prior Review: The BOC is granted the opportunity of prior review and proposing changes to said bylaws or administrative regulations.	

**California League of Bond Oversight Committees (CALBOC)
Operational Guidelines for Bond Oversight Committees**

Standard	Reference	OK
3. Local District Requirements		
This section will be developed by each individual district and will list local requirements in board policy, bylaws, or administrative regulations that are not already covered above in Section 1, Legally Required by Education Code or Section 2, Best Practices.	Local authority	
Belmont-Redwood Shores School District	<i>Example</i>	
1. Cost Saving Techniques: Board shall report to the Committee on any cost saving techniques considered or adopted by the Board.	Section 3.5 (d) Resolution ⁸	
2. Appointment: Members of the Committee shall be appointed by the Board through the following Process: (a) appropriate local groups will be solicited for applications	Section 5.5 Resolution	



California League of Bond Oversight Committees

**Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training**

APPENDIX C

APPENDIX C



California League of Bond Oversight Committees

**Little Hoover Commission September 22, 2016 Testimony
 Proposition 39 Citizens' Bond Oversight Committees - Training**

Table 1
 CALIFORNIA PROPOSITION 39 BOND MEASURES
 Since November 2000 Enactment through 2016

Period Covered	Number Elections	Amount Approved
November 2000 to November 2015 ¹	857	105,594,443,737
June 7, 2016 ²	40	5,685,199,672
November 8, 2016 – preliminary ³	158	24,731,326,713
Total	1,055	136,010,970,122

Table 2
 CALIFORNIA PROPOSITION 39 BOND MEASURES ONLY 2016

Period Covered	Number Elections	Amount Approved
June 7, 2016 – actual	40	5,685,199,672
November 8, 2016 – preliminary	158	24,731,326,713
Total	198	30,416,526,385

Table 3
 CALIFORNIA PROPOSITION 39 VOTER APPROVED BOND MEASURES
 ONLY 2016 (ESTIMATED)

Period Covered	Estimated Number Elections	Estimated Amount Approved
June 7, 2016 - actual	40	5,685,199,672
November 8, 2016 ⁴	142	22,258,000,000
Total	182	27,943,199,672

¹ For the Kids: California Voters Must Become Wary of Borrowing Billions More from Wealthy Investors for Education Construction, California Policy Center, July 2015, Appendix E, All California Educational Bond Measures Approved With a 55 Percent Threshold Since November 2000 Enactment of Proposition 39- Ranked by Percentage of Voter Approval.

² School Bond Watchdogs, <http://www.bigbadbonds.com>, on June 2016 ballot, August 23, 2016. Forty-five (45) measure were on ballots of which forty (40) were approved an approval rate of 89%.

³ School Bond Watchdogs, <http://www.bigbadbonds.com>, on November 2016 ballot, August 23, 2016. This is a preliminary list.

⁴ Estimated numbers assuming an approval rate of 90%, similar to the June 7, 2016 approval rate of 89%.



California League of Bond Oversight Committees

Little Hoover Commission September 22, 2016 Testimony
Proposition 39 Citizens' Bond Oversight Committees - Training

Table 4
CALIFORNIA PROPOSITION 39 CITIZENS' BOND OVERSIGHT COMMITTEES
AND MEMBERS ONLY 2016 (ESTIMATED)

Period Covered	Estimated Number Committees ⁵	Estimated Members per Committee ⁶	Estimated Total Members
June 7, 2016 ⁷	40	7	280
November 8, 2016 ⁸	142	7	994
Total	182	7	1,274

⁵ This assumes that each new approved Proposition 39 bond measure will have a new oversight committee. Some districts with more than one active bond measure combine the oversight committees together into one committee. Therefore, the number of active oversight committees would be less than the total number of bond measures. For example, West Contra Costa Unified School District has two active bond measures with one oversight committee.

⁶ Based on the minimum number of seven (7) members per committee as provide for in Education Code Section 15282. Some committees have more than seven (7) members. There is no available directory of Proposition 39 oversight committees or members. The preparation and maintenance of such a directory is a current objective of the California League of Bond Oversight Committees.

⁷ See Table 1 above.

⁸ Estimated numbers of committees based on Table 3 above.



California League of Bond Oversight Committees

Little Hoover Commission September 22, 2016 Testimony
Proposition 39 Citizens' Bond Oversight Committees - Training

Table 5
CALIFORNIA PROPOSITION 39 CITIZENS' BOND OVERSIGHT COMMITTEES
AND MEMBERS TOTAL (ESTIMATED)

Period Covered	Estimated Number Committees ⁹	Estimated Members per Committee ¹⁰	Estimated Total Members
June 2010 to November 2015. ¹¹	315	7	2,205
June 7, 2016 ¹²	40	7	280
November 8, 2016 ¹³	142	7	994
Total	497	7	3,479

⁹ This assumes that each new approved Proposition 39 bond measure will have a new oversight committee. Some districts with more than one active bond measure combine the oversight committees together into one committee. Therefore, the number of active oversight committees would be less than the total number of bond measures. For example, West Contra Costa Unified School District has two active bond measures with one oversight committee.

¹⁰ Based on the minimum number of seven (7) members per committee as provide for in Education Code Section 15282. Some committees have more than seven (7) members. There is no available directory of Proposition 39 oversight committees or members. The preparation and maintenance of such a directory is a current objective of the California League of Bond Oversight Committees.

¹¹ Estimate based on the following assumptions:

- a. Number of Proposition 39 bond elections during the period June 2010 to November 2014. No elections were held in 2015
- b. The start date of June 2010 was selected because most construction projects are completed within six (6) years. Education Code Section 15278 (a) requires if a Proposition 39 bond measure is approved the governing board shall establish and appoint members to an independent citizens' oversight committee within 60 days of the date that the governing board enters the election results on its minutes. Oversight committees serve until all of the bond monies are spent. (California Constitution Article XIII A (1)(b)(3)(D))
- c. The number of bond elections for the period June 2010 to November 2015 was based on Appendix E, *For the Kids*, California Policy Center, July 2015.

¹² See Table 1 above.

¹³ Estimated numbers of committees based on Table 3 above.

Anton Jungherr



California League of Bond Oversight Committees

Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

APPENDIX D

APPENDIX D



About CaLBOC

About California League of Bond Oversight Committees (CaLBOC)

The California League of Bond Oversight Committees (CaLBOC) is an all-volunteer, non-partisan association of Proposition 39 Citizens' Bond Oversight Committee (CBOC) members, current and past, who are interested in helping other CBOC members. CaLBOC was formed in 2006 and incorporated in 2008.

CaLBOC is a 501(c)3 nonprofit public benefit corporation organization and currently is the only statewide organization providing training to CBOC members.

"The specific purpose for which this corporation is organized are to help Bond Oversight Committee members perform the civic duties they have taken on in the best manner possible through training, providing a forum for discussion and representing common interest at the statewide level. (Articles of Incorporation)

CaLBOC has a twelve-person Board of Directors composed of current and former CBOC members, local government officials, members of taxpayer associations and business representative.

There are three major work products associated with CaLBOC:

Legislation: CaLBOC has co-sponsored seven California legislative bills that have been signed into law by the Governor. See attached list.

Annual Statewide Conferences: Starting in 2012 CaLBOC has organized five statewide annual Sacramento Conferences.

Newsletter: CaLBOC has published over 100 editions of its free online newsletter *CaLBOC Review*. Prior editions are available on the CaLBOC website <http://www.calboc.org>.

CaLBOC Contact Information

Nick Marinovich, Executive Director

Nickmarinovich52@gmail.com

619.934.4982

September 22, 2016



California League of Bond Oversight Committees

PROPOSAL FOR AN ONLINE BASIC TRAINING COURSE

August 22, 2016

Legislative Accomplishments

The following is a description of Legislation sponsored by CalBOC and signed into law:

2010: SB 1473 (State Senator Mark Wyland): Set standards for the performance audit that school districts are required to do annually after approval of a Proposition 39 bond. Specifically, performance audits are now required to abide by the Generally Accepted Government Auditing Standards (GAGAS) "Yellow Book."

2011: SB 423 (State Senator Mark Wyland) A follow-up bill to SB 1473, SB 423 required that financial and performance audits be submitted to the local bond oversight committee and the school district no later than March 31st of each year.

2011: AB 1199 (State Assemblywoman Julia Brownley) Added an additional two-year term for local bond oversight committee members in addition to the four years (two terms) already in law.

2013: SB 581 (State Senator Mark Wyland) SB 581 strengthened transparency requirements for financial and performance audits, by requiring that local BOC's receive them when the district does, and requiring the district to make a written response to the findings of the audit no later than three months after receiving it. This ensures the BOC will have opinions from both the auditor and the district in order to help them craft their required annual report to the general public.

2013: SB 584 (State Senator Mark Wyland) SB 584 required a number of governmental agencies to submit content to the Education Audit Appeals Panel (EAAP) regarding the creation of performance audit guidelines.

2013: AB 182 (State Assemblywoman Joan Buchanan) Reformed Capital Appreciation Bonds (CAB's) by limiting the principle to interest debt ratio at 4:1. Prior to this bill, bond CalBOC advocated for and supported this legislation.

2014: AB 2551 (State Assemblyman Scott Wilk) AB 2551 amends the tax rate statement within a local ballot pamphlet for a bond measure in order to ensure that the fiscal impact of the bond is appropriately stated. Examples could include a written description of how the tax rate calculation was made, etc. This information will provide valuable insight to voters before they make important decisions regarding the approval of long-term debt.



California League of Bond Oversight Committees

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APPENDIX E

APPENDIX E

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OUR VOICE - IS YOUR VOICE!

CGJA Training Program

Every year the California Grand Jurors' Association (CGJA) conducts training programs for grand juries on their various civil functions. Experienced and highly qualified trainers teach these programs at either a regional seminar where jurors and alternates from multiple counties convene or an "on-site" seminar where a team of trainers travels to a specific location to conduct training for one to three counties. All seminars include two full days of presentations and over 300 pages of training materials.

CGJA conducts Foreperson and Pro Tem Workshops, usually in conjunction with the regional seminars. See below for more information on these important workshops.

CGJA also conducts several full-day Report Writing Workshops in the fall of each year. See our [2016 Report Writing Workshop Schedule \(http://cgja.org/2016-report-writing-workshops\)](http://cgja.org/2016-report-writing-workshops) for more information.

For further information on any of the CGJA training programs, please contact Training Committee Chair, Marsha Caranci, cgjatraining@cgja.org (<mailto:cgjatraining@cgja.org>) or by phone at 530-242-6554.

2016 Training Program

The 2016 summer program has been completed

Watch this page for the announcement of the 2017 program early in 2017

Foreperson and Pro Tem Workshop Content

This one-day workshop covers the leadership responsibilities of the foreperson and other officers of the grand jury. Topics include: how to get started; useful techniques for organizing; coordinating, and facilitating the grand jury's work; team building; California law as it applies to the foreperson's duties and responsibilities; the administrative and leadership roles and functions of the foreperson and pro tem; conflict resolution techniques and theories. Participants take part in group activities to enhance the learning experience through the sharing of ideas.

Regional and On-site Training Seminar Content

Our training seminars are for both new and returning grand jurors, as well as for alternates. The main objective is to provide the knowledge and skills required to perform their basic civil oversight functions as grand jurors in their county.

The general session core subjects are:

Grand Jury Overview

This session orients jurors to the grand jury's mission and the historical context of the grand jury system in California. This general session presents an overview of the grand jury year with an

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Benefits of CGJA Training

Increased opportunity for successful grand jury service

Increased understanding of grand jury purpose and authorities

Broad knowledge of public agencies at the county level

Emphasis on collaborative processes for investigating, developing findings and establishing recommendations

Focus on objectivity, factual findings, and effective recommendations to improve local government

Opportunity to interact with experienced grand jurors and gain insight from their experience

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OUR VOICE - IS YOUR VOICE!

MISSION STATEMENT

(Revised April 2014)

To promote, preserve, and support the grand jury system through training, education, and outreach.

PURPOSE STATEMENT

1. To provide the general public with informational and educational materials and activities on the California Grand Jury system that will help increase public awareness of the valuable role the grand jury plays in our democratic system of government, and
2. To promote comprehensive training and orientation of all new grand jurors throughout the state, and
3. To promote adequate funding, office and meeting facilities, and other support as typically required by grand juries be provided to them in all counties throughout the state pursuant to fulfilling their lawful duties, and
4. To promote the preservation of all grand jury reports issued throughout the state during its history both in counties of origin and in a centralized state archival repository accessible to the public, historians, scholars, students and other researchers, and
5. To advocate publication of all grand jury reports and official responses to those reports in a public newspaper or other medium for community wide distribution to educate the public regarding the final grand jury investigative findings and recommendations and the official reactions to them, and
6. To advocate that social studies and history classes and texts in California secondary schools contain comprehensive information regarding the role of the grand jury in California, and
7. To publish a statewide informational newsletter to provide current information concerning issues, events and activities regarding the grand jury, and
8. To sponsor an annual statewide conference of grand jurors and others interested in matters pertaining to the preservation and enhancement of the California Grand Jury institution, and
9. To work toward the preservation and enhancement of the grand jury system by studying issues or legislation that specifically pertains to the grand jury and to make recommendations based on non-partisan analysis to the appropriate body or legislature, and
10. To undertake any other efforts consistent with the foregoing that will increase the public knowledge of the grand jury system and the contributions it has made, and continues to make, to California's citizenry and toward good government.

The California Grand Jurors' Association, is recognized by the U.S. Internal Revenue Service and the State of California as a 501(c)(3) nonprofit organization, tax identification number #33 0079227.

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California League of Bond Oversight Committees

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APPENDIX F

APPENDIX F

(<http://fcmat.org/>)

FCMAT's Function

FCMAT's Mission

The mission of the Fiscal Crisis and Management Assistance Team is to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The Kern County Superintendent of Schools office exists as the administrative and fiscal agent for FCMAT which currently operates within the context of several areas of the California Education Code, primarily those sections having to do with AB 1200 and AB 2756 oversight (EC 42127.1-.8, EC 41326, EC 41327). FCMAT reports to a board of directors comprised of one county superintendent and one district superintendent from each of the state's 11 service regions. A representative of the California Department of Education also is on the board. Assembly Bill 1200 (AB1200) created FCMAT in 1991. The team can assist county offices of education in understanding their fiscal monitoring duties as required by AB1200, sometimes suggesting specific methods of carrying out the oversight responsibilities. FCMAT also provides management studies for school districts, county offices of education, charter schools and community colleges that request them. FCMAT coordinates statewide professional development efforts for school business officials. For more information on any of these services, keep browsing through the FCMAT Web pages or call 661-636-4611.

The Role of FCMAT

Those who contributed to the formation of AB1200 recognized that expanding the responsibility and authority of monitoring agencies was not enough. A statewide resource focusing on fiscal and management guidance was needed to assist monitoring agencies in the performance of their tasks and to assist educational agencies that request help in school business management and related areas. Therefore, AB1200 called for the creation of a Fiscal Crisis and Management Assistance Team (FCMAT). The mission of FCMAT is to help local educational agencies fulfill their financial and management responsibilities by providing expedient fiscal advice, management assistance, training and other related school business services. This can occur under several different circumstances. For example, if a county office reviews and disapproves a school district's annual budget, that county office may call upon FCMAT to examine the district's financial records, develop an approvable budget and/or provide other operational recommendations that will ensure fiscal stability. In addition, FCMAT can respond directly at the request of

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a school district or county office that may seek advice to improve management practices, business policies and procedures or organizational structure. The state, in its monitoring role, also could ask for FCMAT's assistance.

How FCMAT Was Established

AB1200 specified that one county office of education would be selected to administer the team. In the spring of 1992, all county offices of education were notified of the opportunity to apply to be the administrative agent for FCMAT. The selection, as required by law, was made by the Superintendent of Public Instruction and the Secretary of Child Development and Education. The office of the Kern County Superintendent of Schools was selected to administer FCMAT and signed a contract with the governor's office to administer the team in June, 1992. Overseeing the establishment of policies for the new unit is the FCMAT Board of Directors. The board is comprised of one county superintendent and one district superintendent from each of the state's 11 service regions, the Chancellor of the Community College or his or her designee, and one member of a community college district governing board chosen by the chancellor. A representative of the California Department of Education also is on the board. The board meets quarterly to set policies and billable rates (\$500 per consultant per day plus expenses) and to monitor FCMAT's progress.

What FCMAT Has Done To Date As Of This Writing (09/19/06)

FCMAT has contracted to assist more than 600 local education agencies, including school districts and county offices of education. Some of these local educational agencies were experiencing severe fiscal crises that took years to develop. Some made direct requests to FCMAT for assistance with management or organizational issues. Through special communications and by making presentations on FCMAT services throughout the state, the team has called attention to the need to comply with AB1200 and has educated school business officials about its ramifications. The team has established this web site and a free electronic bulletin board system to provide information and resources (including state budget development software) that will assist all public school agencies statewide. Finally, FCMAT is working with public and private organizations to develop training programs for school business officials statewide.



California League of Bond Oversight Committees

Little Hoover Commission Testimony September 22, 2016
Proposition 39 Citizens' Bond Oversight Committees Members Training

APPENDIX G

APPENDIX G

Subj: RE: Proposition 39 Citizens' Bond Oversight Committees
Date: 8/26/2016 3:45:51 P.M. Pacific Daylight Time
From: mgiacomini@fcmat.org
To: Jungherr3@aol.com
CC: mfine@fcmat.org, imontero@fcmat.org

Hi Anton,

I enjoyed our conversation today about CalBoc's important work, especially as it relates to the Little Hoover Commission's recommendations about the lack of professional development for Proposition 39 Citizens' Bond Oversight Committees.

As we discussed, FCMAT's mission is to help California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. If CalBOC does recommend a training course to the Little Hoover Commission for California CBOC members, please know that FCMAT is interested in continuing the conversation on how we might assist in this endeavor as it's an area that we believe would be of great benefit.

Please keep me apprised of how your testimony goes in front of the Commission, and how we might be of assistance.

Thank you!

Begin forwarded message:

From: "Jungherr3@aol.com" <Jungherr3@aol.com>
To: "Michael Fine" <mfine@fcmat.org>
Cc: "ajungherr@aol.com" <ajungherr@aol.com>
Subject: Proposition 39 Citizens' Bond Oversight Committees

The Little Hoover Commission has invited the California League of Bond Oversight Committees (CaLBOC) to participate in their study of Proposition 39 Citizens' Bond Oversight Committees (CBOC). See attached letter and their 2009 report on this matter.

CaLBOC is considering recommending to the Little Hoover Commission that CaLBOC prepare an online training course for California 5,000 + CBOC volunteer members in over 500 districts.

It is estimated that some 200 new CBOC's will be formed in 2016 as a result of June and November 2016 Proposition 39 bond elections.

I would like to discuss with you how CaLBOC could work with FCMAT on developing this online training course. We are considering recommending to the Little Hoover Commission that the State provide a grant to CaLBOC and FCMAT to perform this work.

Can I call you to discuss this matter?

Anton Jungherr, Board Member
California League of Bond Oversight Committees
www.calboc.org
 510.697.7212 cell
jungherr3@aol.com



September 22, 2016

Little Hoover Commission
New Developments in State Bond Oversight
Thursday, September 22, 2016
Public Hearing 9:30AM
State Capitol, Room 437
Sacramento, CA

Scope: The Commission is interested in learning if the recommendations made in its June 2009 report, ***Bond Spending and Enhancing Oversight***, have been successful.

Presentation by
Michael Turnipseed
Executive Director, Kern County Taxpayers Association
President, California League of Bond Oversight Committees

Since I have not had the opportunity to vent my presentation with the entire CaLBOC Board, these are my personal comments:

First, fellow CaLBOC board members, Anton Jungher and Nick Marinovich, will address the topic of Performance Audits and Bond Oversight Committee Training from a macro level

CaLBOC

The California League of Bond Oversight Committees (CaLBOC) is an all-volunteer, non-partisan association of Citizen Bond Oversight Committee (CBOC) members, current and past, who are interested in helping other CBOC members. CaLBOC was formed in 2006 by CBOC members trying to find better training to help perform their duties. CaLBOC is a 501(c)3 charitable organization.

CaLBOC Legislative History

- **2010: SB 1473 (State Senator Mark Wyland):** Set standards for the performance audit that school districts are required to do annually after approval of a Proposition 39 bond. Specifically, performance audits are now required to abide by the Generally Accepted Government Auditing Standards (GAGAS) "Yellow Book."
- **2011: SB 423 (State Senator Mark Wyland)** A follow-up bill to SB 1473, SB 423 required that financial and performance audits be submitted to the local bond oversight committee and the school district no later than March 31st of each year.

- **2011: AB 1199 (State Assemblywoman Julia Brownley)** Added an additional two-year term for local bond oversight committee members in addition to the four years (two terms) already in law.
- **2013: SB 581 (State Senator Mark Wyland)** SB 581 strengthened transparency requirements for financial and performance audits, by requiring that local BOC's receive them when the district does, and requiring the district to make a written response to the findings of the audit no later than three months after receiving it. This ensures the BOC will have opinions from both the auditor and the district in order to help them craft their required annual report to the general public.
- **2013: SB 584 (State Senator Mark Wyland)** SB 584 required a number of governmental agencies to submit content to the Education Audit Appeals Panel (EAAP) regarding the creation of performance audit guidelines.
- **2013: AB 182 (State Assemblywoman Joan Buchanan)** Reformed Capital Appreciation Bonds (CAB's) by limiting the principle to interest debt ratio at 4:1. Prior to this bill, bond examples had been as high as 10:1 in the Poway Unified School District. CalBOC advocated for and supported this legislation.
- **2014: AB 2551 (State Assemblyman Scott Wilk)** AB 2551 amends the tax rate statement within a local ballot pamphlet for a bond measure in order to ensure that the fiscal impact of the bond is appropriately stated. Examples could include a written description of how the tax rate calculation was made, etc. This information will provide valuable insight to voters before they make important decisions regarding the approval of long-term debt.

The educational lobby groups, ACSA, CSBS, and CASBO, have generally opposed CalBOC's legislative efforts.

KernTax has provided members to 25 Bond Oversight Committees:

KernTax's Major Concerns in Accountability and Transparency:

- Bond Issuance
 - Stop uninformed bond issuances.
 - Up until recently, many districts did not ask for total costs before issuing debt.
 - ❖ **Recommendation: require districts to receive incremental scenarios before voting for issuance. Example:**
 - District N wants to issue \$20M bonds**
 - **Meeting district's wants: \$20M, TC=\$92M, 4.60 TDS, MC=\$50M/\$3M**
 - **Deleting a few wants: \$17M, TC=\$42M, 2.47 TDS, MC=\$22M/\$4M**
 - **Meeting district's basic needs: \$13M, TC=\$20M, All CIBs, 1.47 TDS**
 - ❖ **Before final bond issuance documents are signed by the district, a simple, readable summary costs, fees and projected interest costs should be provided to the district to sign for disclosure, with the other bond documents (Truth in Bonding Requirement).**
- Prop 39 violations
 - Transparency and Accountability
 - Ed Code 15280. (a) The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in

furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens' oversight committee.

(b) All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.

- Ed Code 15282. (a) The citizens' oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

(3) One member shall be active in a bona fide taxpayers organization.

- Model Bond Oversight Committee Website: www.bcsd.com/bond
- ❖ **Recommendation: Before any bond funds are distributed by the County Office of Education, compliance of ED Code Sections 15280 and 15282 is verified, just like the terms of any other contract.**

- Lease-Leaseback abuses. Davis v Fresno Unified School District.
 - <http://www.courts.ca.gov/opinions/documents/F068477.PDF>. Published
 - ❖ **Recommendation: Coalition for Adequate School Housing (C.A.S.H.) and others have invalidated a major portion of the court ruling by legislative fiat with the Governor's consent. Hundreds of Lease-Leaseback agreements with no Leaseback have occurred to circumvent the RFP competitive bidding process.**

❖ **Cost Cutting Recommendations:**

- **Pre-checked or Re-useable Plans.**
- **Cooperative/Leveraged Purchasing Agreements**
- **Owner Furnished/Contractor Installed Inputs**
- **Life Cycle Cost Analysis**
- **Cost Effective Borrowing**
- **Use Short Term Current Interest Bonds (CIBs)**
- **Enhanced Oversight**
 - **Independent BOC Member Nomination**
 - **Independence in Auditing**

- KernTax Bond Evaluation Process (Intervention)
 - Attachment #1: The Evaluation Process
 - Attachment #2: The Matrix, Assessed Valuation Analysis; Debt Capacity Projections; Principal Reduction and Tax Rate Projections
 - Attachment #3: Bond Issuance Principal Analysis
 - Attachment#4: Bond Issuance Principal and Interest Analysis
 - Attachment #5: Debt Service Analysis.

CaLBOC

Anton Jungher: Performance Audits

Nick Marinovich: Formal BOC Training Statewide

Thank you for the opportunity to address The Commission.

Michael Turnipseed

Executive Director



KernTax Bond Evaluation Process 160916

Timeline

- 3-6 months before School District places bond measure on ballot
 - Meet with district to review plan
 - Identify total debt capacity
 - Identify existing debt
 - Identify available bonding capacity
 - Identify Authorized but Unissuable Debt.
 - Establish district needs and wants
 - Review detailed, prioritized project list, including estimated costs
 - Discuss funding options
 - General Obligation Bonds
 - State matching funds
 - District Resources
 - Bond Anticipation Notes
 - Certificates of Participation
 - Lease-Leaseback
- Post-Meeting Due Diligence
 - Review past 7 years of AV growth
 - Estimate future AV growth
 - Analyze past bond performance
 - Estimate future payments on existing bonds. Excel Sheet (County Treasurer).
- Second Meeting with District, a month later
 - Review findings with district and make recommendations
- Grade the district's final proposal
 - 20 Percent Past performance
 - Past promises to taxpayers
 - Completion of Project list
 - Financial results (Staying under \$30 cap)
 - Completion of Prop 39 requirements
 - Annual Reports
 - Performance & Financial audits
 - Prop 39 webpage
 - 20 Percent for Current Bond Proposal
 - Past performance of financial advisors
 - Detailed Project lists
 - Plans to reduce costs
 - Commitment to Competitive bond sales
 - No CABS or premium
 - 20 percent for prioritization of Needs and Wants
 - 20 Percent Detailed Project List
 - 20 Percent for Openness, Transparency and Communication
- August Board Meeting Make recommendation to Board
- Decide appropriate action to take for Voter Guide
 - Support
 - No Position
 - Do Not Support
 - Additional Action
 - Ballot Arguments
 - Rebuttal Augments
 - Political Action: Independent Political Action Committee

ATT #2

Mcfarland UnifiedSchool District
Exhibit A

Assessed Valuation										Debt Capacity										Oil Growth										Other Growth									
Year	Assessed Value	% Change	Mineral Roll	% MR	% Change	Other Assessments	% Change	Starting Oil \$	Oil Growth	Oil Growth	Other Growth	1998	2004	2012	2016	1998	2004	2012	2016	1998	2004	2012	2016	1998	2004	2012	2016	Total											
2005	\$ 642,484,485	6.42%	\$ 8,565,642	1%	26.09%	\$ 633,918,843	6.20%	\$ 28.00	5.00%	5.00%	4.00%	\$ 246,400	\$ 660,275	\$ 1,024,725	\$ -	\$ 18.47	\$ 48.51	\$ 76.83	\$ 0	\$ 144.81	\$ 49.03	\$ 76.83	\$ 0	\$ 144.81	\$ 49.03	\$ 76.83	\$ 0	\$ 144.81											
2006	\$ 692,123,255	7.73%	\$ 25,532,244	4%	198.08%	\$ 666,591,011	5.15%	\$ 50.00	5.00%	5.00%	4.00%	\$ 228,800	\$ 667,475	\$ 1,056,275	\$ -	\$ 17.10	\$ 45.50	\$ 75.04	\$ 0	\$ 382.98	\$ 46.87	\$ 75.04	\$ 0	\$ 382.98	\$ 46.87	\$ 75.04	\$ 0	\$ 382.98											
2007	\$ 820,821,795	18.59%		0%	-100%	\$ 820,821,795	23.14%	\$ 50.00	5.00%	5.00%	4.00%	\$ 238,800	\$ 678,675	\$ 1,086,525	\$ 3,551,280	\$ 15.80	\$ 46.87	\$ 75.04	\$ 245	\$ 363.67	\$ 42.94	\$ 75.92	\$ 245	\$ 363.67	\$ 42.94	\$ 75.92	\$ 245	\$ 363.67											
2008	\$ 1,062,871,776	29.49%	\$ 274,574,597	26%		\$ 788,297,179	-3.96%	\$ 77.00	5.00%	5.00%	4.00%	\$ -	\$ 647,825	\$ 1,145,475	\$ 3,693,331	\$ -	\$ -	\$ 42.94	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76											
2009	\$ 966,996,958	-9.02%	\$ 180,642,687	19%	-34.21%	\$ 786,354,271	-0.25%	\$ 36.00	5.00%	5.00%	4.00%	\$ -	\$ 676,525	\$ 1,221,825	\$ 3,994,707	\$ -	\$ -	\$ 40.69	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36											
2010	\$ 1,089,620,162	12.68%	\$ 304,623,716	28%	68.63%	\$ 784,996,446	-0.17%	\$ 69.00	5.00%	5.00%	4.00%	\$ -	\$ 694,525	\$ 1,267,528	\$ 4,154,495	\$ -	\$ -	\$ 40.69	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36											
2011	\$ 1,234,543,942	13.30%	\$ 411,008,171	33%	34.92%	\$ 823,535,771	4.91%	\$ 84.00	5.00%	5.00%	4.00%	\$ -	\$ 710,675	\$ 1,311,725	\$ 4,320,675	\$ -	\$ -	\$ 39.96	\$ 243	\$ 356.64	\$ 39.96	\$ 73.75	\$ 243	\$ 356.64	\$ 39.96	\$ 73.75	\$ 243	\$ 356.64											
2012	\$ 1,395,323,909	13.02%	\$ 467,953,386	34%	13.86%	\$ 927,370,523	12.61%	\$ 95.50	5.00%	5.00%	4.00%	\$ -	\$ 730,006	\$ 1,362,025	\$ 4,393,502	\$ -	\$ -	\$ 39.39	\$ 237	\$ 349.94	\$ 39.39	\$ 73.49	\$ 237	\$ 349.94	\$ 39.39	\$ 73.49	\$ 237	\$ 349.94											
2013	\$ 1,437,473,302	3.02%	\$ 478,297,271	33%	2.21%	\$ 959,176,031	3.43%	\$ 98.50	5.00%	5.00%	4.00%	\$ -	\$ 768,519	\$ 1,469,131	\$ 4,860,172	\$ -	\$ -	\$ 38.19	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69											
2014	\$ 1,577,052,671	9.71%	\$ 612,804,348	39%	28.12%	\$ 964,248,323	0.53%	\$ 101.00	5.00%	5.00%	4.00%	\$ -	\$ 822,476	\$ 1,656,056	\$ 5,467,032	\$ -	\$ -	\$ 36.11	\$ 240	\$ 348.87	\$ 36.11	\$ 72.71	\$ 240	\$ 348.87	\$ 36.11	\$ 72.71	\$ 240	\$ 348.87											
2015	\$ 1,408,433,269	-10.69%	\$ 396,442,471	28%	-35.31%	\$ 1,011,990,798	4.95%	\$ 54.00	5.00%	5.00%	4.00%	\$ -	\$ 840,078	\$ 1,718,875	\$ 5,685,714	\$ -	\$ -	\$ 35.39	\$ 240	\$ 347.37	\$ 35.39	\$ 72.42	\$ 240	\$ 347.37	\$ 35.39	\$ 72.42	\$ 240	\$ 347.37											
2016	\$ 1,333,731,058	-5.30%	\$ 257,359,846	19%	-35.08%	\$ 1,076,371,212	6.36%	\$ 35.00	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2017	\$ 1,333,731,058	0.00%	\$ 257,359,846	19%	0.00%	\$ 1,076,371,212	0.00%	\$ 33,343,276	5.00%	5.00%	4.00%	\$ 246,400	\$ 660,275	\$ 1,024,725	\$ -	\$ 18.47	\$ 48.51	\$ 76.83	\$ 0	\$ 144.81	\$ 49.03	\$ 76.83	\$ 0	\$ 144.81	\$ 49.03	\$ 76.83	\$ 0	\$ 144.81											
2018	\$ 1,389,653,899	4.19%	\$ 270,227,838	19%	5.00%	\$ 1,119,426,060	4.00%	\$ 34,741,347	5.00%	5.00%	4.00%	\$ 228,800	\$ 667,475	\$ 1,056,275	\$ -	\$ 17.10	\$ 45.50	\$ 75.04	\$ 0	\$ 382.98	\$ 46.87	\$ 75.04	\$ 0	\$ 382.98	\$ 46.87	\$ 75.04	\$ 0	\$ 382.98											
2019	\$ 1,447,942,333	4.19%	\$ 283,739,230	20%	5.00%	\$ 1,164,203,103	4.00%	\$ 36,198,558	5.00%	5.00%	4.00%	\$ 238,800	\$ 678,675	\$ 1,086,525	\$ 3,551,280	\$ 15.80	\$ 46.87	\$ 75.04	\$ 245	\$ 363.67	\$ 42.94	\$ 75.92	\$ 245	\$ 363.67	\$ 42.94	\$ 75.92	\$ 245	\$ 363.67											
2020	\$ 1,508,697,419	4.20%	\$ 297,926,192	20%	5.00%	\$ 1,210,771,227	4.00%	\$ 37,717,435	5.00%	5.00%	4.00%	\$ -	\$ 647,825	\$ 1,145,475	\$ 3,693,331	\$ -	\$ -	\$ 42.94	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76											
2021	\$ 1,572,024,577	4.20%	\$ 312,862,501	20%	5.00%	\$ 1,259,207,076	4.00%	\$ 39,300,614	5.00%	5.00%	4.00%	\$ -	\$ 667,325	\$ 1,181,975	\$ 3,841,064	\$ -	\$ -	\$ 42.45	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76	\$ 42.45	\$ 75.19	\$ 244	\$ 359.76											
2022	\$ 1,638,033,786	4.20%	\$ 328,463,626	20%	5.00%	\$ 1,309,570,159	4.00%	\$ 40,950,845	5.00%	5.00%	4.00%	\$ -	\$ 676,525	\$ 1,221,825	\$ 3,994,707	\$ -	\$ -	\$ 40.69	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36											
2023	\$ 1,706,839,773	4.20%	\$ 344,886,808	20%	5.00%	\$ 1,361,952,966	4.00%	\$ 42,670,994	5.00%	5.00%	4.00%	\$ -	\$ 694,525	\$ 1,267,528	\$ 4,154,495	\$ -	\$ -	\$ 40.69	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36	\$ 41.30	\$ 74.59	\$ 244	\$ 358.36											
2024	\$ 1,778,562,232	4.20%	\$ 362,131,148	20%	5.00%	\$ 1,416,431,084	4.00%	\$ 44,464,056	5.00%	5.00%	4.00%	\$ -	\$ 710,675	\$ 1,311,725	\$ 4,320,675	\$ -	\$ -	\$ 39.96	\$ 243	\$ 356.64	\$ 39.96	\$ 73.75	\$ 243	\$ 356.64	\$ 39.96	\$ 73.75	\$ 243	\$ 356.64											
2025	\$ 1,853,326,033	4.21%	\$ 380,237,705	21%	5.00%	\$ 1,473,088,327	4.00%	\$ 46,333,151	5.00%	5.00%	4.00%	\$ -	\$ 730,006	\$ 1,362,025	\$ 4,393,502	\$ -	\$ -	\$ 39.39	\$ 237	\$ 349.94	\$ 39.39	\$ 73.49	\$ 237	\$ 349.94	\$ 39.39	\$ 73.49	\$ 237	\$ 349.94											
2026	\$ 1,931,261,451	4.21%	\$ 399,249,591	21%	5.00%	\$ 1,532,011,861	4.00%	\$ 48,281,536	5.00%	5.00%	4.00%	\$ -	\$ 749,606	\$ 1,411,700	\$ 4,673,242	\$ -	\$ -	\$ 38.19	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69											
2027	\$ 2,012,504,405	4.21%	\$ 419,212,070	21%	5.00%	\$ 1,593,292,335	4.00%	\$ 50,312,610	5.00%	5.00%	4.00%	\$ -	\$ 768,519	\$ 1,469,131	\$ 4,860,172	\$ -	\$ -	\$ 38.19	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69	\$ 38.19	\$ 73.00	\$ 241	\$ 352.69											
2028	\$ 2,097,196,702	4.21%	\$ 440,172,674	21%	5.00%	\$ 1,657,024,028	4.00%	\$ 52,429,918	5.00%	5.00%	4.00%	\$ -	\$ 786,742	\$ 1,528,200	\$ 5,054,579	\$ -	\$ -	\$ 37.51	\$ 241	\$ 351.40	\$ 37.51	\$ 72.87	\$ 241	\$ 351.40	\$ 37.51	\$ 72.87	\$ 241	\$ 351.40											
2029	\$ 2,185,486,297	4.21%	\$ 462,181,308	21%	4.21%	\$ 1,723,304,990	4.00%	\$ 54,637,157	5.00%	5.00%	4.00%	\$ -	\$ 803,593	\$ 1,589,169	\$ 5,256,762	\$ -	\$ -	\$ 36.77	\$ 241	\$ 350.01	\$ 36.77	\$ 72.71	\$ 241	\$ 350.01	\$ 36.77	\$ 72.71	\$ 241	\$ 350.01											
2030	\$ 2,277,527,562	4.21%	\$ 485,290,373	21%	5.00%	\$ 1,792,237,189	4.00%	\$ 56,938,189	5.00%	5.00%	4.00%	\$ -	\$ 822,476	\$ 1,656,056	\$ 5,467,032	\$ -	\$ -	\$ 36.11	\$ 240	\$ 348.87	\$ 36.11	\$ 72.71	\$ 240	\$ 348.87	\$ 36.11	\$ 72.71	\$ 240	\$ 348.87											
2031	\$ 2,373,481,568	4.21%	\$ 509,554,892	21%	5.00%	\$ 1,863,926,677	4.00%	\$ 59,337,039	5.00%	5.00%	4.00%	\$ -	\$ 840,078	\$ 1,718,875	\$ 5,685,714	\$ -	\$ -	\$ 35.39	\$ 240	\$ 347.37	\$ 35.39	\$ 72.42	\$ 240	\$ 347.37	\$ 35.39	\$ 72.42	\$ 240	\$ 347.37											
2032	\$ 2,473,516,380	4.21%	\$ 535,032,636	22%	5.00%	\$ 1,938,483,744	4.00%	\$ 61,837,909	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2033	\$ 2,577,807,361	4.22%	\$ 561,784,268	22%	5.00%	\$ 2,016,023,094	4.00%	\$ 64,445,184	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2034	\$ 2,686,537,499	4.22%	\$ 589,873,481	22%	5.00%	\$ 2,096,664,017	4.00%	\$ 67,163,437	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2035	\$ 2,799,897,733	4.22%	\$ 619,367,155	22%	5.00%	\$ 2,180,530,578	4.00%	\$ 69,997,443	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2036	\$ 2,918,087,314	4.22%	\$ 650,335,513	22%	5.00%	\$ 2,267,751,801	4.00%	\$ 72,952,183	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2037	\$ 3,041,314,162	4.22%	\$ 682,852,289	22%	5.00%	\$ 2,358,463,873	4.00%	\$ 76,032,854	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09	\$ 33.76	\$ 72.27	\$ 239	\$ 345.09											
2038	\$ 3,169,795,251	4.22%	\$ 716,994,903	23%	5.00%	\$ 2,452,800,348	4.00%	\$ 79,244,881	5.00%	5.00%	4.00%	\$ -	\$ 835,000	\$ 1,787,713	\$ 5,913,143	\$ -	\$ -	\$ 33.76																					

ATT # 3

Year	Funds (Principal)										TOTAL
	2012 70554	2004 70557	2004 70561	2004 70558	2004 70559	1998 70560	2012 70562	2012 70563	2012 70564	2012 70564	
2016			\$ 370,000	\$ 25,000	\$ 50,000	\$ 220,000	\$ 35,000	\$ -	\$ 60,000	\$ 760,000	
2017			\$ 390,000	\$ 25,000	\$ 55,000	\$ 220,000	\$ 45,000	\$ -	\$ 85,000	\$ 820,000	
2018			\$ 415,000	\$ 30,000	\$ 55,000	\$ 220,000	\$ 55,000	\$ -	\$ 110,000	\$ 885,000	
2019			\$ 390,000	\$ 35,000	\$ 60,000		\$ 70,000	\$ 100,000	\$ 60,000	\$ 715,000	
2020			\$ 415,000	\$ 40,000	\$ 65,000		\$ 85,000	\$ 105,000	\$ 85,000	\$ 795,000	
2021			\$ 440,000	\$ 45,000	\$ 65,000		\$ 100,000	\$ 130,000	\$ 95,000	\$ 875,000	
2022			\$ 475,000	\$ 50,000	\$ 65,000		\$ 115,000	\$ 155,000	\$ 115,000	\$ 975,000	
2023			\$ 495,000	\$ 60,000	\$ 70,000		\$ 130,000	\$ 180,000	\$ 135,000	\$ 1,070,000	
2024	\$ 5,000	\$ 65,577	\$ 60,000	\$ 60,000	\$ 75,000		\$ 150,000	\$ 205,000	\$ 150,000	\$ 710,577	
2025	\$ 5,000	\$ 60,604	\$ 70,000	\$ 70,000	\$ 80,000		\$ 165,000	\$ 235,000	\$ 170,000	\$ 785,604	
2026	\$ 15,000	\$ 56,499	\$ 75,000	\$ 75,000	\$ 85,000		\$ 185,000	\$ 260,000	\$ 190,000	\$ 866,499	
2027	\$ 20,000	\$ 52,628	\$ 80,000	\$ 80,000	\$ 20,170		\$ 205,000	\$ 290,000	\$ 215,000	\$ 882,798	
2028	\$ 25,000		\$ 45,621	\$ 45,621	\$ 21,924		\$ 230,000	\$ 325,000	\$ 235,000	\$ 882,545	
2029	\$ 35,000		\$ 384,217	\$ 384,217	\$ 20,170		\$ 255,000	\$ 365,000	\$ 260,000	\$ 1,319,387	
2030	\$ 40,000		\$ 695,000	\$ 695,000	\$ 21,047		\$ 280,000	\$ 405,000	\$ 290,000	\$ 1,731,047	
2031	\$ 50,000				\$ 146,451		\$ 310,000	\$ 455,000	\$ 315,000	\$ 1,276,451	
2032	\$ 60,000						\$ 345,000	\$ 500,000	\$ 350,000	\$ 1,255,000	
2033	\$ 70,000						\$ 380,000	\$ 555,000	\$ 380,000	\$ 1,385,000	
2034	\$ 85,000						\$ 420,000	\$ 610,000	\$ 420,000	\$ 1,535,000	
2035	\$ 100,000						\$ 460,000	\$ 670,000	\$ 465,000	\$ 1,695,000	
2036	\$ 110,000						\$ 505,000	\$ 735,000	\$ 515,000	\$ 1,865,000	
2037	\$ 125,000						\$ 555,000	\$ 805,000	\$ 565,000	\$ 2,050,000	
2038										\$ -	
2039										\$ -	
2040										\$ -	
2041										\$ -	
2042										\$ -	
2043										\$ -	
2044										\$ -	
2045										\$ -	
2046										\$ -	
2047										\$ -	
2048										\$ -	
2049										\$ -	
2050										\$ -	
TOTAL	\$ 745,000	\$ 235,308	\$ 3,390,000	\$ 1,719,838	\$ 954,761	\$ 660,000	\$ 5,080,000	\$ 7,085,000	\$ 5,265,000	\$ 25,134,907	

ATT #4

Year	Funds (Principal & Interest)												TOTAL
	2012 70554	2004 70557	2004 70561	2004 70558	2004 70559	1998 70560	2012 70562	2012 70563	2012 70564	2016	2016	2016	
2016	\$ 143,625	\$ -	\$ 488,469	\$ 92,806	\$ 79,000	\$ 246,400	\$ 256,319	\$ 330,469	\$ 294,313	\$ -	\$ -	\$ 1,931,400	
2017	\$ 143,625	\$ -	\$ 493,669	\$ 91,806	\$ 82,000	\$ 237,600	\$ 265,269	\$ 330,469	\$ 316,913	\$ -	\$ -	\$ 1,961,350	
2018	\$ 143,625	\$ -	\$ 503,069	\$ 95,806	\$ 79,800	\$ 228,800	\$ 273,919	\$ 330,469	\$ 338,513	\$ 3,551,280	\$ -	\$ 5,545,280	
2019	\$ 143,625	\$ -	\$ 465,619	\$ 99,606	\$ 82,600	\$ -	\$ 287,269	\$ 430,469	\$ 284,113	\$ 3,693,331	\$ -	\$ 5,486,631	
2020	\$ 143,625	\$ -	\$ 478,919	\$ 103,206	\$ 85,200	\$ -	\$ 300,169	\$ 431,469	\$ 306,713	\$ 3,841,064	\$ -	\$ 5,690,364	
2021	\$ 143,625	\$ -	\$ 487,319	\$ 106,606	\$ 82,600	\$ -	\$ 312,619	\$ 452,269	\$ 313,313	\$ 3,994,707	\$ -	\$ 5,893,057	
2022	\$ 143,625	\$ -	\$ 504,719	\$ 109,806	\$ 80,000	\$ -	\$ 323,619	\$ 470,772	\$ 329,513	\$ 3,288,975	\$ 865,520	\$ 6,116,548	
2023	\$ 143,625	\$ -	\$ 510,469	\$ 117,806	\$ 84,600	\$ -	\$ 335,169	\$ 488,019	\$ 344,913	\$ 3,420,534	\$ 900,141	\$ 6,343,075	
2024	\$ 148,450	\$ 530,000	\$ -	\$ 115,406	\$ 84,600	\$ -	\$ 351,269	\$ 507,619	\$ 354,513	\$ 3,557,356	\$ 836,146	\$ 6,485,533	
2025	\$ 148,450	\$ 540,000	\$ -	\$ 123,006	\$ 86,600	\$ -	\$ 361,769	\$ 531,469	\$ 370,013	\$ 3,699,650	\$ 973,592	\$ 6,834,548	
2026	\$ 158,275	\$ 555,000	\$ -	\$ 125,119	\$ 88,400	\$ -	\$ 376,819	\$ 549,125	\$ 384,913	\$ 3,847,636	\$ 1,012,536	\$ 7,097,822	
2027	\$ 162,750	\$ 570,000	\$ -	\$ 127,025	\$ 89,717	\$ -	\$ 391,038	\$ 570,675	\$ 403,738	\$ 4,001,542	\$ 1,053,037	\$ 7,369,521	
2028	\$ 167,050	\$ -	\$ -	\$ 698,725	\$ 104,868	\$ -	\$ 409,119	\$ 596,250	\$ 416,750	\$ 4,161,603	\$ 1,095,159	\$ 7,649,523	
2029	\$ 176,175	\$ -	\$ -	\$ 718,725	\$ 103,751	\$ -	\$ 426,356	\$ 620,000	\$ 433,525	\$ 4,328,067	\$ 1,138,965	\$ 7,945,564	
2030	\$ 179,950	\$ -	\$ -	\$ 723,669	\$ 116,410	\$ -	\$ 442,750	\$ 641,750	\$ 454,425	\$ 4,501,190	\$ 1,184,524	\$ 8,244,667	
2031	\$ 188,550	\$ -	\$ -	\$ -	\$ 835,000	\$ -	\$ 458,750	\$ 671,500	\$ 468,913	\$ 4,681,238	\$ 1,231,905	\$ 8,535,856	
2032	\$ 196,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 478,250	\$ 693,750	\$ 492,100	\$ 4,868,487	\$ 1,281,181	\$ 8,010,568	
2033	\$ 204,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,000	\$ 723,750	\$ 508,975	\$ 5,063,227	\$ 1,332,428	\$ 8,329,080	
2034	\$ 217,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,000	\$ 751,000	\$ 528,075	\$ 5,265,756	\$ 1,385,725	\$ 8,664,806	
2035	\$ 228,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,000	\$ 780,500	\$ 549,975	\$ 5,476,386	\$ 1,441,154	\$ 9,012,015	
2036	\$ 233,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 558,000	\$ 812,000	\$ 574,400	\$ 5,695,441	\$ 1,498,800	\$ 9,371,641	
2037	\$ 242,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,750	\$ 845,250	\$ 596,075	\$ 5,923,259	\$ 1,558,752	\$ 9,748,586	
2038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,160,189	\$ 1,621,102	\$ 7,781,291	
2039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,406,597	\$ 1,685,947	\$ 8,092,544	
2040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,662,861	\$ 1,753,384	\$ 8,416,245	
2041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,929,375	\$ 1,823,520	\$ 8,752,895	
2042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,206,550	\$ 1,896,461	\$ 9,103,011	
2043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,494,812	\$ 1,972,319	\$ 9,467,131	
2044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,794,605	\$ 2,051,212	\$ 9,845,817	
2045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,106,389	\$ 2,133,260	\$ 10,239,649	
2046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,430,644	\$ 2,218,591	\$ 10,649,235	
2047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,767,870	\$ 2,307,334	\$ 11,075,204	
2048	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,518,213	\$ 11,518,213	\$ 11,518,213	
2049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,479,819	\$ 11,479,819	\$ 11,479,819	
2050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,218,430	\$ 7,218,430	\$ 7,218,430	
TOTAL	\$ 3,801,075	\$ 2,195,000	\$ 3,932,250	\$ 3,449,125	\$ 2,162,945	\$ 712,800	\$ 8,740,219	\$ 12,559,041	\$ 9,064,688	\$ 160,820,621	\$ 68,469,157	\$ 275,906,920	

