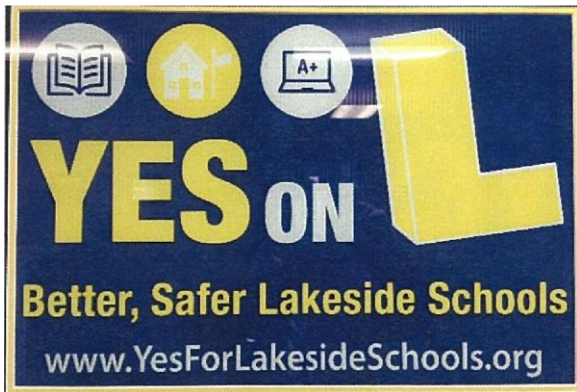


# Bond Oversight Committee Annual Report June, 2016



Fiscal Year End 14/15

Lakeside Union School District

**LAKESIDE UNION SCHOOL DISTRICT**  
**BOND OVERSIGHT COMMITTEE**  
**ANNUAL REPORT**

**HISTORY — Proposition V and Measure L**

Proposition V and Measure L, hereinafter referred to as "bond measures", have separate histories but are related. On November 4, 2008 voters of the Lakeside Union School District (District) approved ballot Proposition V, authorizing the issuance of general obligation bonds in the amount of \$79,550,000. The first series of bonds was issued on April 23, 2009 in the amount of \$21,833,149. The second series of bonds was issued on September 22, 2010 in the amount of \$12,982,209. The total of these two sets of bonds is \$34,815,358.

Principal and interest on the bonds are to be paid by revenue from an annual tax levied on taxable property within the District. In 2014, the Board of Trustees of the District found and determined that, due to State law limitations imposed on the issuance of bonds under Proposition V, the balance of funds pending issuance would not be able to be acquired. Action was taken to put Measure L on the November 2014 ballot for up to \$31 million to allow the continued financing of the projects urgently needed. The ballot measure passed.

The highest tax rate which would be required to be levied to fund principal and interest payments on the bonds is estimated to annually be \$30 per \$100,000 of assessed valuation of taxable property.

Additionally, the passage of Measure L allowed the district to structure the bond sales in a fiscally responsible way that will also provide for ongoing funding for the replacement of technology (primarily I-pad devices for student use). The purchase of technology is now done using low interest, short-term bonds, with a three-year payback period. The term of the financing allows the length of repayment to match the useful life of the asset purchased, which saves taxpayers from paying years of debt payments for out-of-date equipment. The facility work approved in Measure L is still being financed with longer term debt, typical in a school district general obligation bond issuance.

**BOND OVERSIGHT COMMITTEE**

The bond measures specify that the District's governing body, the Board of Education (Board), shall establish an Independent Citizens' Oversight Committee (Committee) pursuant to Education Code section 15278. The bond measures further specify that the function of the Committee is to ensure that bond proceeds are expended only on the school facilities projects listed in each bond measure.

The District's General Obligation Bonds Policies & Regulations, Section 5, states that the Committee shall inform the public, at least annually in a written report: **(1)** as to whether bond funds have been expended consistent with the bond language; **(2)** that no bond proceeds have been used for teacher, administrative salaries, or other school operating expenses; and **(3)** that an annual independent performance audit and financial audit have been performed by an independent consultant selected by the District.

## **PURPOSE OF LAKESIDE UNION SCHOOL DISTRICT BOND FUNDS**

Bond proceeds will be used for the District's public schools and school projects to modernize, replace, renovate, construction, equip, furnish, rebuild, supplement and otherwise improve District facilities to meet student educational needs. The specific purpose of the bonds is set forth in the bond measure's ballot language.

The ballot measure lists the District schools and specifies the types of projects to be funded by the bond measures. The following project types are included and described more fully in the ballot measure:

Technology: Modernize technology infrastructure.

Classroom Improvements: Expand, equip and furnish science labs; equip and furnish classrooms to modern standards, including instructional technology.

Construction: Improve existing multi-purpose classroom for up to date safety and instructional standards, bathroom improvements, outdoor classroom.

Energy Improvements: Improve energy efficiency.

Miscellaneous Facility Needs: School site and playground improvements to improve cost-effectiveness, energy efficiency and student safety.

New Construction: New portable classroom for Arts & Science and new multi-purpose classroom.

Safety and Security: Install security cameras, replacement of fencing, and emergency call out system, improve outside lighting. For the two middle schools, upgrading the fire alarm panel was also approved.

Community Use Joint Project: For Tierra del Sol only, build community gymnasium with YMCA

Other School Facility Projects: Various other projects were identified for other facilities, including the Barona Indian Charter School, River Valley High, District Central Kitchen, District Office, East County Academy of Learning "Eucalyptus Hills", Maintenance & Operations, and the Community.

The bond measures specify that bond proceeds may be used only for the construction, reconstruction and/or rehabilitation of school facilities including the furnishing and equipping of school facilities, or for the acquisition or lease of real property for school facilities. The bond measures further specify that bond proceeds may not be used for any other purpose, including teacher salaries, administrator salaries, or for other school operating expenses.

## **ANNUAL AUDITS**

The bond measures require that the Board conduct an annual, independent performance audit to ensure that the bond proceeds have been expended only on the school facilities projects listed in the bond measures. To discharge this duty, the Board retained the services of Wilkinson Hadley King & Co LLP (WHK).

Performance Audit: By Independent Auditor's Report On Performance, dated February 26, 2016, WHK advised it: (a) performed a walkthrough of various sites of the District to verify that bond funds expended for the year ending June 30, 2015, were for valid facilities acquisition and construction purposes; (b) tested expenditures to determine whether bond funds were spent solely on voter and Board approved school facilities projects as set forth in the bond Project list and ballot measure language, which included a sample of payroll and vendor payments, totaling approximately \$3,831,129 or 89% of total expenditures for the year, and \$2,425,625 of capital outlay expenditures which was 88% of capital outlay expense; and (c) reviewed Board minutes for approval of construction contracts and change orders to determine compliance with District policy and laws relating to bidding and contracting. WHK found no instances where expenditures tested were not in compliance with the bond measures and applicable laws; construction work performed was consistent with the Bond Project List; and there were no instances where the District was out of compliance with respect to public contracting and bidding laws.

Financial Audit: The bond measures also require that the Board conduct an annual, independent financial audit of the bond proceeds until all of those proceeds have been spent for the school facilities projects listed in each bond measure. By Independent Auditor's Report, dated February 26, 2016, WHK advised it had audited the financial statements of the bond measures for fiscal year ending on June 30, 2015, and that, in its opinion, the financial statements reviewed presented fairly the financial position of the Proposition V and Measure L building fund as of June 30, 2015. WHK advised that, as of June 30, 2015, the Bond Building Fund (21-39) Balance Sheet disclosed a fund balance, legally restricted for capital projects, of \$10,159,113.

## **BOND OVERSIGHT COMMITTEE STATEMENT**

The Committee found the following:

- 1) bond funds have been expended consistent with the bond language;
- 2) no bond proceeds have been used for teacher, administrative salaries, or other school operating expenses; and
- 3) an annual independent performance audit and financial audit have been performed by an independent consultant selected by the District.

It was encouraging to see that the District again had no audit findings. The Bond Oversight Committee is in concurrence with the audit report and finds that the District is in general compliance with the requirements of the bond measures.

## PROJECT UPDATES FOR FISCAL YEAR ENDING JUNE 30, 2015

### Technology :

Devices and Technology Systems: iPad 1:1: The bulk of the bond was used to complete the one-to-one (1:1) iPad project initiative for grades 4-8, which provided these students with their own iPad. iPads previously purchased were all moved to the middle school, and new iPads were purchased for grades 4 and 5. Some classroom iPad sets that were in carts were redistributed to kindergarten and 1st grade. The iPads provide a myriad of learning opportunities. Students have been creating books and movies; investigating and researching topics; communicating with authors and other classrooms; and accessing digital content from anywhere.

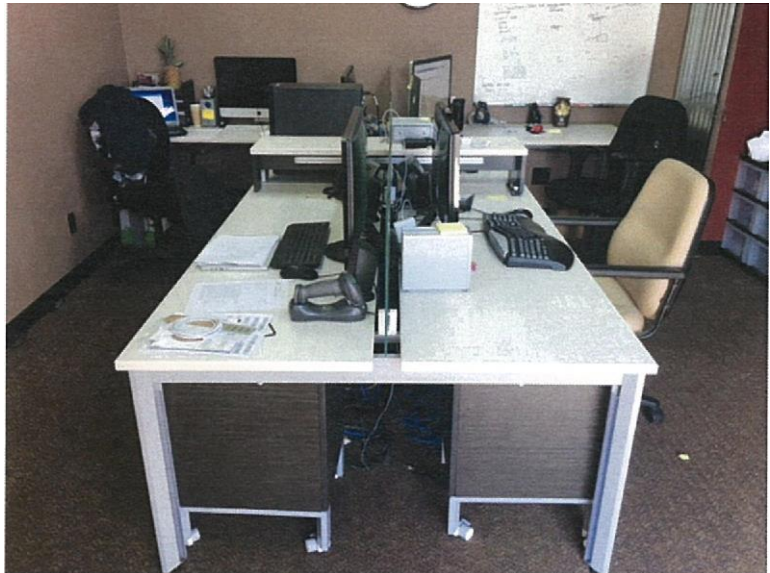


Infrastructure: Wireless System: In order to meet the growing demands of mobile devices, the wireless infrastructure was upgraded. The old wireless technology was primarily meant for laptop carts that moved from room to room. The new wireless infrastructure is focused on providing maximum coverage for a large number of mobile devices. Its scalability makes it easy to add new units as our enrollment grows. The cost for the wireless upgrade was split between bond funds and e-Rate funds. E-Rate is a federal technology funding program.



District-Wide Security System Hardware:

Security Cameras: Like the wireless system, our security cameras were using an outdated system. To ensure student safety, we purchased a new system manufactured by On Net Surveillance Systems, Inc., (ONSSI). This system provides the ability to archive 30 days of footage. It also provides for web based access so principals and designated staff can remotely check on the campus.



Computers and Peripheral Hardware:

Teacher Laptops: In order for teachers to provide up-to-date, relevant learning opportunities for students, it is important for their technology to be reliable and current. Many of the teacher laptops were over six years old. Older laptops are not able to use

some of the necessary software applications effectively. Purchasing new laptops ensures that teachers can access all the latest digital content being provided by the district office. Old teacher laptops which were still serviceable are being rebuilt as student laptops and deployed to sites.

## **CLASSROOM AND SITE IMPROVEMENTS, CONSTRUCTION AND MISCELLANEOUS FACILITY NEEDS**

Winter Gardens Elementary (WG): The bond funded improvements to the WG facility included a much needed parking lot, which is a school site improvements to improve student safety. Interior improvements to existing portables was also accomplished which assisted with furnishing classrooms to modern standards and bathroom improvements.

Lindo Park School (LP): LP school site improvements included a much needed larger Extended Student Services Building & fenced play area to improve student safety, provide classroom improvements and to provide modern classrooms and bathroom improvements.

Lakeside Early Admission Preschool Program (LEAPP): Due to the needed space at WG, our LEAPP was relocated to its new location, and work included portable relocation, site improvements, and fencing to improve student safety, and has been well received.

