

La Mesa-Spring Valley School District
Proposition M Citizens' Bond Oversight Committee

FINAL REPORT

(Covering the Period June 2002 - December 2014)

Presented to the

La Mesa-Spring Valley School District
Board of Education

on

February 17, 2015

PROPOSITION M CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)

CBOC Members (as of December 2014):

Steve Babbitt – Committee Chair; – Active in and representing the local business community
Glen Sparrow – Committee Vice Chair; – Active in a taxpayers' association
Jim Bauman – Member-At-Large
Deborah Ives – Active in a senior citizens' organization
Aaron Landau – Member-At-Large
Jada Martinez – Parent/Guardian of a child in the District
Jay Steiger – Parent/Guardian of a child in the District and active in a parent/teacher organization or school site council

This report is intended to serve as the Final Report of the Proposition M Citizens' Bond Oversight Committee (CBOC). It will provide a review of the total operation of the CBOC and the results of the Proposition M bond measure.

Purpose of Citizens' Bond Oversight Committee

The La Mesa-Spring Valley School District's local Proposition M (passed in March 2002) falls under the provisions of State Proposition 39 (passed November 2000), which requires certain accountability provisions to be implemented for education bonds such as Prop. M. Among those is the requirement that the District must establish a Citizens' Bond Oversight Committee to perform the following basic duties:

- Review Proposition M expenditures to ensure that bond proceeds are used only for the purposes and projects set forth in the ballot measure by reviewing periodic District performance and financial statements. (This has included site visits by the CBOC to observe completed projects.)
- Ensure that no Proposition M bond proceeds are used for any teacher or administrative salaries or other operating expenses.
- Review the annual independent financial audit.
- Inform the public and the La Mesa-Spring Valley School District's Board of Education at least annually by issuing a written report concerning the expenditure of Proposition M bond proceeds and summarizing the CBOC's proceedings and activities for the preceding year.

PROPOSITION M HISTORY & FUNDING

On March 5, 2002, the voters within the La Mesa-Spring Valley School District approved Proposition M authorizing the issuance and sale of general obligation bonds of approximately \$44 million for the purpose of modernization, renovation, and construction of school facilities and infrastructure (see page 5 and 6 for the complete text of the Proposition M bond ballot).

In addition to basic Proposition M project funding, the District secured other State/Federal modernization and renovation matching funds and grants. The total combined revenue for the District’s overall modernization and renovation programs since 2002 can generally be broken down as follows:

Proposition M General Obligation Bond Funding & Refinancing	\$ 48.96 Million
State/Federal School Modernization & Renovation Matching Funds	\$ 18.12 Million

Total Program Budget	\$ 67.08 Million

The CBOC was established and members appointed June 18, 2002. The first meeting took place September 19, 2002. During the ensuing 12 plus years, 21 members of the La Mesa-Spring Valley community volunteered and served on the CBOC.

Past and Present Proposition M CBOC Members

Steve Babbitt	Deborah Ives	Gloria Salazar-Estrada
James Bauman	Kenneth Kasinak	Ken Sobel, Esq.
Bob Duff	Aaron Landau	Glen Sparrow
Claudine Duff	Jerry Lecko	Jay Steiger
Bill Edwards	John Maguire	Mike Stewart
John Edwards, Esq.	Jada Martinez	Emma Turner
Harvey Goodfriend	Robin Peterson	Robert Vendeland

Over the last 12 plus years, nearly all of the Priority “A” projects and needs identified in the original District Facilities Needs Assessment Plan (FNAP) were completed (see page 7 for a summary of all projects proposed in the FNAP and their final status). As of December 2014, the amount of Proposition M and Modernization matching funds (detailed in a later part of this report) that were available was zero; all funds have been expended.

The projects undertaken by the District might seem to have taken a significant amount of time to accomplish. Please note that it was the decision of the District to undertake construction or modernization projects only when students were **not** present on campuses. The District’s decision was reached to ensure student safety and to maintain the quality of education. Thus, only 12 weeks were available each year for project work (2 weeks at October break, 2 weeks at winter break, 2 weeks at spring break and 6 weeks available during summer break). In actuality the projects were completed in 144 weeks, or 2 ¾ years.

For a comprehensive Statement of Revenue and Expenses, see the following page.

Detailed Statement of Revenue & Expenses

Prop M - Bond Proceeds (Reconciliation as of 10/08/14)

Prop M/Fund 21 Revenue		
Federal Renovation Funds	02/03	\$ 288,118.40
Federal Renovation Funds	03/04	\$ 81,961.60
		\$370,080.00
Prop M First issue		\$31,330,140.00
Prop M 2nd issue		\$12,669,708.60
Bond Refinancing Proceeds		\$ 1,235,000.00
		\$45,234,848.60
	Total	\$45,604,928.60
Interest Total For Prop M		
Fund 21	2002-2003	\$570,176.29
	2003-2004	\$236,744.28
	2004-2005	\$240,668.27
	2005-2006	\$496,729.10
	2006-2007	\$418,347.49
	2007-2008	\$310,864.72
	2008-2009	\$114,116.78
	2009-2010	\$ 35,662.75
	2010-2011	\$ 12,524.51
	2011-2012	\$ 4,825.88
	2012-2013	\$ 566.87
	2013-2014	\$ 217.95
	Total	\$ 2,441,444.89
Transfer From Fund 35 - Loma Mod.		\$914,859.85
Refund of Encroachment City of La Mesa		\$ 3,027.94
Total Revenue		\$ 48,964,261.28
Total Expenses & Encumbrances to Date		\$ 48,964,261.28
Remaining Available Funds		* \$ -

*Balanced to general ledger and cash in county treasury @ OCTOBER 8, 2014 of \$0.

\$ -	Balance per reconciliation
\$ -	less interest not yet paid but anticipated
\$ -	plus encumbrances not yet paid but included in expenditures
\$ -	Actual fund balance per General Ledger
\$ -	Cash in County Treasury Account
\$ -	Cash in Union Bank Escrow Account OCTOBER 8, 2014
\$ -	Accounts Receivable Final Interest Payment
\$ -	Total Combined Cash Available

Modernization - State Grant/Matching Funds (Reconciliation as of 10/08/14)

Modernization/Fund 35		
Revenue		
<hr/>		
Mod/Fund 35		\$ 17,430,878.71
	<i>Total</i>	<u>\$ 17,430,878.71</u>
Interest Total For Modernization		
Fund 35		
	1999-2006	\$ 562,456.06
	2006-2007	\$ 21,698.20
	2007-2008	\$ 30,830.69
	2008-2009	\$ 19,541.55
	<i>Total</i>	<u>\$ 634,526.50</u>
	<i>Total Revenue</i>	<u>\$ 18,065,405.21</u>
	<i>Total Expenses &</i>	
	<i>Encumbrances to Date</i>	\$ 18,114,078.26
	Mod 8 Fund Balance	\$ 48,673.05
	*Due from Fund 21	\$ -
	<i>Remaining Available</i>	
	<i>Funds</i>	<u>* \$ (0.00)</u>

2002-14 PROP. M PROJECT ACTIVITIES
PROP M BALLOT LANGUAGE

The following is the language of the Ballot that was presented to the voters of the La Mesa-Spring Valley School District in March 2002 and includes references to the columns in a following chart that provides final analysis of the status of the projects proposed to the voters.

*FULL TEXT BALLOT PROPOSITION
OF THE LA MESA-SPRING VALLEY ELEMENTARY SCHOOL DISTRICT
BOND MEASURE ELECTION MARCH 5, 2002*

The following is the full proposition presented to the voters by the La Mesa-Spring Valley Elementary School District.

“To enhance student safety installing fire safety, energy and emergency communication systems; upgrade electrical wiring, heating, ventilation, lighting, sewer, water/bathroom plumbing systems; construct/acquire/renovate/equip classrooms/science/computer technology labs/libraries/facilities; repair roofs; qualify for State matching funds, shall La Mesa-Spring Valley Elementary School District issue \$44,000,000 of bonds at legal rates, appoint a Citizen Oversight Committee to perform annual audits, prevent waste and ensure that no money is used for salaries or other administrative expenses?”

The Board of Trustees of the La Mesa-Spring Valley Elementary School District has evaluated safety, class-size reduction, and information technology needs in developing the scope of school facility projects contained in its Facility Needs Assessment, dated October 16, 2001, including the following:

Projects

- *Purchase and install fire safety equipment and disaster alarms at schools –See column 11*
- *Purchase and install emergency communication systems-See column 12 & 13*
- *Upgrade electrical and wiring systems and increase electrical outlets for a safe distribution of electricity to allow all schools to maintain technology programs-See column 1*
- *Upgrade or replace aging plumbing and bathroom facilities, including bringing bathrooms up to current code requirements and ensuring that all plumbing fixtures are functional-See column 10*
- *Add class-size reduction/growth portables-See column 20*
- *Install computer/video/phone connectivity to classroom, office and library-See column 6*
- *Install energy management conservation systems-See column 7*
- *Repair or replace leaky or outdated roofs-See column 18*
- *Improve air ventilation systems to enhance air quality and eliminate conditions that breed mold and germs-See column 8*
- *Replace flooring to eliminate asbestos tile and replace it with vinyl tile-See column 21*
- *Resurface playgrounds and replace unsafe equipment-See column 22*
- *Purchase and install safety locks on school doors that allow doors to lock from the inside-See col. 3*
- *Upgrade school access to comply with handicapped accessibility laws-See columns 5 & 10*
- *Repair water and sewer system-See columns 14 & 15*
- *Demolish and replace sinking classroom wing (Avondale)-See column 25*
- *Install additional student restrooms-See column 20*
- *Replace old windows with energy efficient windows-See column 23*
- *Upgrade electrical system-See column 1*
- *Install energy efficient drop ceilings-See column 24*
- *Replace HVAC system-See column 8*
- *Paint interior/exterior-See column 9*
- *Improve cafeteria facilities-See column 26*

- *Replace/add drinking fountains-See column 4*

The District has applied for State matching funds. In the event that the District receives State matching funds for any of the above listed projects, the surplus bond money will be spent with comparable type projects throughout the District.

In spending bond money, the District will work in tandem with the Citizens Oversight Committee. The Committee will be formed in accordance with the provisions of Proposition 39 and will assist the District to efficiently implement the provisions of the bond measure and carry out other bond measure-related activity. In addition to the membership required by Proposition 39, the Committee will also include construction, finance, and other qualified professionals and will meet at least monthly. The Committee will review and comment on a variety of bond measure-related activities prior to any activity by the Board, including bond measure expenditure plans, bond measure-related staffing and consultants and General Fund major maintenance plans.

FINAL STATUS OF PROP M MODERNIZATION PROJECTS

L/A MESA-SPRING VALLEY SCHOOL DISTRICT
 FNAP DATA 1-31-14

Columns	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Avondale Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Bancroft Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Casa de Oro Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Fletcher Hills Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Highlands Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Kempton Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
La Mesa Dale Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
La Presa Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Lemon Ave. Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Loma Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Maryland Ave. Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Murdoch Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Murray Manor Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Northmont Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Rancho Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Rehondo Elem.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Sweetwater Springs	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
La Mesa Middle	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
La Presa Middle	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Parkway Middle	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Spring Valley Middle	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
SV Elem./SDYS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Home Ind. Study	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

*Additions to Middle Schools:
 Band Rooms-LMMS, LPMS, PKMS, SVMS
 Science Rooms-LPMS, PKMS, SVMS
 Restrooms-LPMS, PKMS, SVMS

• Completed
 • Partially Completed
 • Deleted

**Upon determination, sites did not require wheelchair lifts.

FNAP Data for CBOC Final 1-31-14_1, FNAP 1-14

FINAL EXPENDITURES OF PROP M MODERNIZATION PROJECTS

Site #	Name of School/Site	Expenditures	Encumbrances	Total
110	Parkway Middle School	3,712,477.49		3,712,477.49
130	Fletcher Hills	2,307,899.54		2,307,899.54
140	Murray Manor	1,410,099.39		1,410,099.39
150	Northmont Elementary	945,522.13		945,522.13
210	La Mesa Middle School	4,864,894.69		4,864,894.69
220	La Mesa Dale	2,360,006.71		2,360,006.71
230	Lemon Avenue	5,454,898.55		5,454,898.55
240	Maryland Avenue	3,846,599.09		3,846,599.09
250	Rolando	964,265.26		964,265.26
256	Glen St PS	102,232.72		102,232.72
310	Spring Valley Middle School	4,425,316.25		4,425,316.25
320	Casa De Oro	1,412,257.68		1,412,257.68
330	Highlands	4,364,018.05		4,364,018.05
340	Glenn E Murdock	2,330,625.72		2,330,625.72
350	Spring Valley Elementary	3,671,909.71		3,671,909.71
360	Loma	5,633,340.18		5,633,340.18
370	Sweetwater Springs Elem	521,433.06		521,433.06
410	La Presa Middle School	3,626,726.57		3,626,726.57
420	Avondale	4,099,791.23		4,099,791.23
430	Bancroft	3,347,836.75		3,347,836.75
440	Kempton	3,645,632.34		3,645,632.34
450	La Presa Elementary	2,536,474.61		2,536,474.61
460	Rancho	1,489,006.91		1,489,006.91
490	Quest	9,132.35		9,132.35
559	Districtwide Support	(4,057.44)		(4,057.44)
	Grand Total	67,078,339.54		67,078,339.54

Prop M Fund 21	48,964,261.28
Modernization Fund 35	18,114,078.26
Total	67,078,339.54

PROP. M INDEPENDENT FINAL AUDIT

The California Constitution requires the LMSV Board of Education to conduct an independent financial and performance audit of the Proposition M bond sale proceeds. The final audit for Proposition M proceeds and expenditures was performed by the independent accounting firm of Christy White Associates.

The final Proposition M audit report was presented to and reviewed by the entire CBOC at its regular meeting on December 11, 2014. This audit was accepted by the CBOC and has been forwarded to the Board of Education for final District acceptance.

The annual Proposition M independent audit was conducted in accordance with industry standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The auditing firm performed several tests to ensure that the school district adheres to legal mandates and protocols prior to funds being disbursed and after projects are completed at each school site. The independent auditor also visited sample school sites to view first hand that the project work was, in fact, completed as reported.

From a fiscal standpoint, it is the opinion of the independent auditor that the District's financial statements and accounting practices generally and fairly represent the financial position of the Prop. M building fund. Further, the District's Proposition M accounting operations were found to be in conformance with the accounting principles generally accepted in the United States.

From a performance standpoint regarding the expenditure of Proposition M funds, the independent auditor's review showed the District's bidding procedures, internal auditing controls, and full execution of projects to be in compliance with the terms of the Proposition M ballot language, applicable internal control practices, state laws and regulations, without exception. An unmodified opinion was expressed on the financial statements.

It should be noted that an independent financial audit has been conducted for the Proposition M Bond Building Fund for each of the last 12 years; these are available, as are all annual reports, minutes of meetings, Facilities Needs Assessment Plans and other documents developed by or for the CBOC, on the District's website.

CONCLUSION

Based upon the information provided by and discussed with the District, through site visits, and the review of the independent audit report, the CBOC believes the District has complied with the mandated legal requirements, including that no Proposition M bond proceeds were used for any teacher or administrative salaries or other operating expenses. Further, the CBOC believes the District complied with District fiscal policies by appropriately spending Proposition M funds only on Proposition M projects.

Finally, to ensure proper future maintenance of the Proposition M upgraded schools and facilities, the CBOC strongly recommends that the District's preventive maintenance schedule be made a priority for both funding and implementation.