

Santa Maria Joint Union High School District
Measure C2004
Citizens' Bond Oversight Committee

Measure C2004
Report to the Public

(July 01, 2011 to June 30, 2012)

Prepared by:

Joseph L. Sheaff, Jr. Chairman
Santa Maria Joint Union High School District
Measure C2004
Citizens' Bond Oversight Committee

Published: March 7, 2013

PREFACE

This is the seventh in a series of Bond Oversight Reports to the Public that are published by the Measure C2004 Citizens' Bond Oversight Committee. Annual reports are now published in March of each year to allow the fiscal year High School District financial reports to be prepared and then have the data audited by the Independent Accountants. These reports are made available for public review at the Santa Maria Joint Union High School District Support Services Center located at 2560 Skyway Drive, Santa Maria, CA 93455 and at the Santa Maria Public Library located at 420 S. Broadway, Santa Maria, CA 93454.

Measure C2004 was passed by the taxpayers of the Santa Maria Joint Union High School District on November 2, 2004. It authorized an issue of up to \$79 million in general obligation bonds to make repairs, upgrades, and new construction projects to the facilities in the district and to construct a new high school to reduce overcrowding that existed at the time at the high schools. The first issue of \$35 million was made in February 2005 and expenditures are being made from that first issue as reported by this Measure C2004 Citizen's Bond Oversight Committee. With a current balance available for new projects of approximately \$4.4 million from the first issue, a second issue on the bond will need to occur in the calendar year 2013.

The maximum amount of a second issue would not exceed \$27 million in order to keep the maximum tax rate allowed under Prop. 39 of \$30/\$100,000 assessed valuation. The Santa Maria Joint Union High School District Board of Education decided on what new projects would be undertaken with the remaining 2004 Bond funds and presented this plan to the public in the spring of 2011. The details of this plan will be discussed in depth later on in this report. Base on this plan, a third and final issuance of the Bond fund would take place at a future date.

Note: Annual fiscal reports are reviewed by all members of the Oversight Committee to ensure accuracy of the published report.

**Santa Maria Joint Union High School District
Measure C2004 Citizens' Bond Oversight Committee**

**Members
June 30, 2012**

Mr. Joseph L. Sheaff Jr., Chairman
Mr. David Hickey, Vice Chairman
Ms. Ailina Mahelona, Secretary
Mr. Daniel Payne
Mr. George Risher
Ms. Carolyn Scott

**Members Filling California State Requirements for the Measure
C2004
Citizens' Bond Oversight Committee
June 30, 2012**

Requirement 1. *At least one member must be active in a business organization representing the business community of Santa Maria.*

Member(s) filling this requirement:

Ailina Mahelona

Requirement 2. *At least one member must be active in a senior citizens' organization.*

Member(s) filling this requirement:

Joseph L. Sheaff, Jr., George Risher, David Hickey

Requirement 3. *At least one member must be an active member in a bona-fide taxpayers' organization.*

Member(s) filling this requirement:

None – Looking for applicant to fill this position.

Requirement 4. *At least one member must be a parent/guardian of a high school student.*

Member(s) filling this requirement:

None – Looking for applicant to fill this position.

Requirement 5. *At least one member must be a parent/guardian active in a PTA or school council.*

Member(s) filling this requirement:

None – Looking for applicant to fill this position

Requirement 6. *At least one member must be an at-large community member.*

Member(s) filling this requirement:

All other members of the Oversight Committee are members-at-large

Facilities Affected by the Measure C2004 Bond

The following facilities within the Santa Maria Joint Union High School District are affected by the issuance of the Measure C2004 School Bond:

Santa Maria High School

Ernest Righetti High School

Pioneer Valley High School

Alternate Educational Facilities

Delta High School

A New Continuation High School with a career technical educational component

Support Services Center

Bond expenditures cover both new construction (e.g., new classroom buildings), and upgrades (e.g., sports complexes, classrooms, etc.) and associated infrastructures and equipment at the identified facilities.

Activities associated with the individual facilities are identified in the Measure C2004 Projects List approved by the Santa Maria Joint Union High School District Board of Education.

FOREWORD

This report contains a summary of Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee activities for the period July 1, 2011 thru June 30, 2012.

All documentation prepared by or provided to the Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee meetings and Sub-Committees thereof is available in the Oversight Committee archives at the Santa Maria Joint Union High School Support Services Center located at 2560 Skyway Drive, Santa Maria, California. This information will also be available at the following web site:

<http://www.smjuhsd.k12.ca.us>

Follow the link to Departments/Oversight, and search 'Oversight Committee Bylaws, MeasureC2004 Text, etc.

(Note: This site may also be used to view the Santa Maria Joint Union High School District's audited as well as other financial reports.)

Specifics regarding activities of individual site teams or members thereof conducting site visits, budget reviews, contract documentation reviews, etc. are available to the public at the Santa Maria Joint Union High School Support Services Center (SSC).

Inquiries regarding this report may be addressed to the following c/o the Santa Maria Joint Union High School Support Services Center, 2560 Skyway Drive, Santa Maria, CA 93455:

Committee Chair -- Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee

Committee Secretary -- Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee

Historical Background

I. Appointments to the 2004 Citizens Bond Oversight Committee:

Refer to 'First Report to the Public' dated 28 February, 2006. This report is available for review at the Santa Maria Joint Union High School District Support Services Center located at 2560 Skyway Drive, Santa Maria CA 93455, or at the following web site:

<http://www.smjuhsd.k12.ca.us>

Committee members are appointed to a two year term and can serve a maximum of two terms. The Oversight Committee recommends individuals to the Santa Maria Joint Union High School Board of Education which makes the appointment. Persons interested in becoming an Oversight Committee member should contact the Santa Maria Joint Union High School District Support Services Center.

II. Purpose of the 2004 Citizens Bond Oversight Committee:

The purpose of the Bond Oversight Committee is to insure the proceeds from the sale of the Measure C2004 Bond are only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries. The Committee also provides information to the public regarding the expenditure of Measure C2004 Bond funds.

III. Meeting Minutes:

Minutes of all meetings of the Measure C2004 Citizens Bond Oversight Committee are available for review at the Santa Maria Joint Union High School District Support Services Center located at 2560 Skyway Drive, Santa Maria CA 93455, or at the following web site:

<http://www.smjuhsd.k12.ca.us>

Ongoing Activities

I. Meetings:

Regular meetings of the Measure C2004 Citizens Bond Oversight Committee are held in the Board Room located at the Santa Maria Joint Union High School District SSC located at 2560 Skyway Drive, Santa Maria CA 93455, and are planned to be held quarterly at 6:30 PM on the fourth Wednesday, beginning in March of each year. During the period of this report, the Oversight Committee held meetings on August 18, 2011, November 3, 2011, December 6, 2011, January 12, 2012 (special meeting), February 23, 2012, April 30, 2012 and June 27, 2012.

Project Oversight:

A number of site visits were made by Oversight Committee members throughout the year to observe first-hand the progress and quality of approved projects. In conjunction with these site visits, documentation relative to each project was examined to ensure that the projects being evaluated were in fact those identified in the Measure C2004 Projects List approved by the Board of Education. The Measure C2004 Projects List in turn was independently compared by the Oversight Committee to the Bond Measure C2004 (as passed by the voters). Members of the Oversight Committee determined that the Projects List was in fact consistent with the intent of Bond Measure C2004.

Major projects during this reporting period were six completed portable classrooms at Learning Center. A majority of the work on the new Santa Maria High School swimming pool was completed this period. Work began on the greenhouse/restroom and new road facility at Righetti High School. All of these projects were completed prior to the publishing of this report.

In the spring of 2011, the Board of Education laid out a plan to the public on how the rest of the 2004 Bond funds were to be spent. With the Santa Maria Joint Union High School District experiencing declining enrollment, and with the Orcutt Union School District establishing a Charter High School, the Board of Education decided that a new comprehensive student high school designed for 2000 students would not be built. In its place a new continuation high school, designed for 400 students with a career technical educational component, would be built on 8 to 10 acres. This new high school would be available to all students of the District. The building of the new continuation high school would begin once land for the school is acquired. The Administration and the Board of Education are currently evaluating parcels of land that would be suitable for this facility. As of the date of this report, suitable land has not as yet been acquired.

In addition, the Board presented what major facility upgrades would be undertaken with the rest of the 2004 Bond Funds and a tentative schedule on when construction work would begin. They are as follows: A new performing arts building at Pioneer Valley High School, 2013-2014; a new classroom building for Santa Maria High School at Broadway, 2013-2014; the renovation of the Ethel Pope Auditorium, 2016-2018; and a new classroom building at Ernest Righetti High School, 2016-2018. The new classroom building at Santa Maria High would be designed to pick up features that would be required in the renovation of the Ethel Pope auditorium, such as elevators, and restrooms meeting American Disabilities Act (ADA) requirements.

It should be noted that as a result of changes in state funding, the school district demographics, and economic factors, projects may be re-prioritized throughout the life of the bond with approval of the Board of Education.

II. Bond Expenditures - Overview

As of the May 2012 Facilities Update to the Board, expenditures on the 2004 Bond were as follows:

C-2004 Initial Issuance – Feb 2005:	\$35.0 Million
Interest Earned/Investment Gains to Date:	4.0 Million
Williams, City or other reimbursements to Date:	1.8 Million
State Match for RHS 2 classrooms/portable moves:	1.3 Million
State Match for New Delta:	<u>3.3 Million</u>
Total Funds	\$45.4 Million

Complete & Under Construction – as of 6/30/11 (\$41.0 Million)

Current Balance Available for remaining projects \$ 4.4 Million

The Bond Committee feels the District Facility management has done an outstanding job of managing the Bond projects funds. By adding additional funding sources to specific projects, where applicable, has allowed additional facilities to be placed on the “to do” project list that would have gone unfunded and therefore not accomplished.

III. Bond Expenditures - New High School

With the projected total high school student population significantly dropping, the District Administration and the Board of Education have decided that it is not in the best interest of the school district and the taxpaying public to expend 2004 Bond funds on a new comprehensive student high school as originally presented to the voters of the 2004 Bond. The Board of Education decided that a better use of 2004 Bond funds would be to build a second continuation high school with an emphasis on technical training at a cost of approximately \$15,000,000.

Following the construction of new classrooms at Santa Maria High School at approximately \$8,000,000 and at Ernest Righetti High School at approximately \$7,000,000, some of the portable classrooms are planned for removal from these sites.

Bond funds were expended in 2007 for a new large high school when the District had engineering and testing expenditures on a potential school site that is no longer being considered.



Learning Center-Before Construction





Learning Center - After Construction





SMHS – Initial Pool Construction





SMHS –Pool Construction Continued





SMHS –Pool Construction Continued



SMHS – New Pool Scoreboard



SMHS –Pool Construction Continued



SMHS –Pool After Final Construction Complete

ERHS – Restroom, Road & Greenhouse Construction



ERHS – Restroom, Road & Greenhouse After Construction



IV. External Audit

For the fiscal year that ended June 30, 2012, the External Audit for the Measure C2004 Bond Building Fund of Santa Maria Joint Union High School District was prepared by Christy White, a Professional Accountancy Corporation and dated January 10, 2013. The audit states in part the following:

1. The proceeds from the sale of the Measure C2004 Bond were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
2. The Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovation of items which will improve learning and reduce overcrowding in the District, with no funds expended on administrator salaries.
3. The expenditures tested to be in compliance with the terms of the Measure C2004 ballot measure, Facilities Master Plan, and applicable State laws and regulations without exception.
4. The contracts tested follow proper bidding procedures, and were awarded to the lowest responsible bidder.

The financial data of this report are provided in Attachment “A” of this report. The full report can be viewed at <http://www.smjuhsd.k12.ca.us>

Conclusions/Recommendations

Conclusions:

It is the conclusion of the SMJUHSD Measure C2004 Citizens' Bond Oversight Committee that:

1. The Santa Maria Joint Union High School District did expend bond revenues only for the purposes described in the California Constitution, Article XIII A, Section 1, paragraph (3), subdivision (b).
2. The Santa Maria Joint Union High School District, as prohibited by the California Constitution, Article XIII A, Section 1, paragraph (3), subdivision (b), did not spend any Bond Measure C2004 revenue for teacher and administrator salaries.
3. The Santa Maria Joint Union High School District did, in fact, expend Bond Measure C2004 funds only on the Measure C2004 projects approved by the voters and the Santa Maria Joint Union High School District Board of Education.
4. All documentation and data provided by the Santa Maria Joint Union High School District was accurate and easily verified.
5. The Bond Oversight Committee has received project costs broken out by Bond fund expenditure and, if applicable, funds from other sources that were used to augment project costs, thereby showing a total project cost.
6. The Bond Oversight Committee feels that with the declining enrolment and the unforeseen creation of a Charter High School by the Orcutt Union School District, as well as other charter schools, that building of a new continuation High School at this time is a prudent decision and the best way for 2004 Bond funds to be spent.
7. The Santa Maria Joint Union High School District staff demonstrated ***Outstanding*** due diligence in the performance of all activities associated with Bond Measure C2004.

Notes:

- a. Independent Auditors' Report for Fiscal Year ending June 2021 (financial data) is included in Attachment.*
- b. Independent Accountants Report on Applying Agreed-Upon Procedures is not included but can be viewed at the District Office if desired.*
- c. Revised Project List(s), Enrollment Projections, etc. are not part of this report as they are continuously subject to change. Information regarding these items is available at the Santa Maria Joint Union High School District SSC.*

Recommendations:

It is the recommendation of the SMJUHSD Measure C2004 Citizens' Bond Oversight Committee that once the Santa Maria Joint Union High School District Board of Education acquires the land for the new continuation High School that the facility is built as expeditiously as possible. The center piece of the 2004 Bond, as presented to the public, was the building of a new High School. While the conditions dictating the type of high school have changed, the need for a new school facility is still valid. The current plan for facility development and the sequencing of when each of the proposed facilities is built should be adhered to.

It is also the recommendation of the C2004 Bond Oversight Committee that the Board of Education continue with the current District Administration philosophy of not expending Bond funds to augment the Deferred Maintenance account. Funding a specific project gives the Bond Committee and the public at large, a more visible account on how Bond funds are used.

Questions regarding the findings of the Measure C2004 Santa Maria Joint Union High School District (SMJUHSD) School Bond Oversight Committee may be addressed to the following, c/o Santa Maria Joint Union High School Support Service Center, 2560 Skyway Drive, Santa Maria, CA 93455:

Committee Chair -- Santa Maria Measure C2004 SMJUHSD School Bond Oversight Committee

Secretary-- Santa Maria Measure C2004 SMJUHSD School Bond Oversight Committee

Respectfully submitted:

 (Signature on File) 3/7/13

Mr., Joseph L. Sheaff, Jr. – Committee Chair Date
Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee

 (Signature on File) March 7, 2013

Ms. Ailina Mahelona – Secretary Date
Santa Maria Joint Union High School District Measure C2004 Citizens' Bond Oversight Committee

Concurrence

The following members of the Oversight Committee have reviewed this report, and concur with the data presented herein.

	Signature*	Date
Mr. David Hickey	<u>David Hickey</u>	<u>3/6/13</u>
Mrs. Patrice Mosby	<u>Patrice Mosby</u>	<u>3/6/13</u>

*** Signatures are on file at the SMJUHS District Office for those reading this report on line.**

**MEASURE C2004 BOND BUILDING FUND
SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
Balance Sheet
June 30, 2012**

ASSETS	
Cash in county treasury, net of fair value adjustment	\$ 7,608,358
Accounts receivable	13,203
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Total Assets	\$ 7,621,561
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LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 911,923
	<hr/>
Total Liabilities	911,923
	<hr/>
Fund Balance	
Restricted for capital projects	6,709,638
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Total Liabilities and Fund Balance	\$ 7,621,561
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The accompanying notes to financial statements are an integral part of this statement.

**MEASURE C2004 BOND BUILDING FUND
SANTA MARIA JOINT UNION HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2012**

REVENUES	
Other local revenue	\$ 40,230
Total Revenues	<u>40,230</u>
EXPENDITURES	
Plant services	26,286
Facilities acquisition and construction	4,208,613
Total Expenditures	<u>4,234,899</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,194,669)
OTHER FINANCING SOURCES	
Interfund transfers in	3,363,540
Total Other Financing Sources	<u>3,363,540</u>
Net Change in Fund Balance	(831,129)
Fund Balance, July 1, 2011	<u>7,540,767</u>
Fund Balance, June 30, 2012	<u>\$ 6,709,638</u>

The accompanying notes to financial statements are an integral part of this statement.