



**ANAHEIM UNION HIGH SCHOOL DISTRICT
501 Crescent Way
Anaheim, CA 92803**

**MEASURE H
CITIZENS' OVERSIGHT COMMITTEE
Tuesday, February 5, 2019
6:00 p.m.**

**Meeting Location:
Anaheim Union High School District
Superintendent's Conference Room
501 N. Crescent Way
Anaheim, CA 92803**

MINUTES
Approved May 30, 2019

I. **Call to Order/Introductions**
Committee Chairperson Carolyn Cavecche called the meeting to order at 6:05 p.m.

II. **Roll Call/Establishment of a Quorum**
Committee Chairperson Cavecche took roll call. A quorum was reached.

COC Members Present:
Alan Walker
Carolyn Cavecche (Chairperson)
Larry Larsen
Peggy Kruse-Stodghill
Robert Nelson

COC Members Absent:
Grantt Rowan
Patricia Rich

AUHSD Staff and Consultants Present:
Jennifer Root
Karen Orr
Patricia Neely

Kunal Shah, Program Manager, Cumming Construction Management, Inc.
Royce Townsend, Vavrinek, Trine, Day & Co., LLP

III. **Adoption of Agenda and Approval of Minutes**

Committee member Alan Walker made a motion that was seconded by member Larry Larsen to adopt the agenda of the February 5, 2019 COC meeting. All committee members agreed and the agenda was adopted.

Committee member Robert Nelson requested a correction to the draft minutes to indicate that due to a previous commitment, Alan Walker left the meeting early and that he (Robert Nelson) chaired the rest of the meeting. Committee member Alan Walker made a motion that was seconded by member Larry Larsen to approve the draft minutes of the November 27, 2018 COC meeting with the aforementioned correction. All committee members agreed and the minutes were approved.

IV. **Public Comment**

There were no public comments.

V. **Staff Update on Measure H Program**

Measure H program updates and financial/expenditure reports were not presented at this meeting.

VI. **Discussion/Information Items**

Royce Townsend, the District's auditor from Vavrinek, Trine, Day & Co., LLP (VTD) discussed the Measure H Financial and Performance Audit Reports dated June 30, 2018 prepared in conformance with Proposition 39.

The financial audit rendered an unmodified opinion which is the highest level of assurance that can be provided. The funds are being spent as intended and there are no material weaknesses, no material mistakes nor deficiencies found. The fund balance ending June 30, 2018, was \$98M which includes the 2nd issuance of \$83M. \$17M were spent from 7/1/17 thru 6/30/18. The audit report spans one year at a time.

Chairperson Cavecche asked if the 2nd bond issuance was negotiated. Dr. Root replied that it was bid. With the triple A rating received from Fitch, and an interest rate of 3.54%, the District was able to save taxpayers \$8M while garnering an additional \$800K for projects.

The next aspect of the audit report is the performance audit. This audit focuses on how the expenditures align with Article 13 of the State Constitution and the language on the ballot measure. It is an expanded audit with an outcome that did not identify deviations as it relates to expenditures. The auditors tested 47% of the \$17M expenditures (approximately \$8M in expenditures). Salaries in the amount of \$207K were tested. All salaries align with the Attorney General's opinion of appropriate use.

Chairperson Cavecche asked what is the typical percentage of expenditure testing. Mr. Townsend responded that it would never be less than 30% in accordance with

the state's audit guide. He also stated that:

- The District's audit is more robust than what is customary in the K12 industry as it evaluates expenditures through the lens of nine criteria rather than the four normally seen with other districts.
- The audit reports will be prepared on an annual basis until all Measure H funds are exhausted.

Mr. Townsend concluded his presentation and left the meeting at 6:22 p.m.

Dr. Root mentioned that the audit reports were shared with the Board of Trustees in January 2019.

Staff mentioned that in January of this year, the Trustees attended a Facilities Study Session to discuss the state of the District's construction program including the fronting of state funding with Measure H dollars. The Trustees were informed that every school in the District would receive a Measure H project unlike the previous bond where only eight sites received local bond dollars. All schools are already in line to receive 21st Century classroom furniture and surveillance cameras. Staff also presented on projects that are being accomplished using various funding sources, what is next in line, and future Facilities and Maintenance needs. Staff estimated that \$1B remain in facilities needs and \$100M in Maintenance needs. At the end of the Facilities Study Session, staff received direction from the Trustees to ascertain the climate from the community for another general obligation bond.

Dr. Root explained the 3% of the District expenditures are slated for routine restricted maintenance (RRM), approximately \$12M. Trade salaries in an amount of \$6M come out of RRM, \$1.5M is the contribution for Measure H projects and the balance is for maintenance projects, and contracts.

COC Annual Report (March 2018 – February 2019)

The committee reviewed the draft Annual Report (Report) that was prepared by staff for this meeting. The committee offered comments, requested that revisions be made to the Report to include expenditures thru February 28, 2019, and progress photos of Measure H projects. The committee will present the Report to the Board of Trustees, in public session, on March 5, 2019. The committee agreed to follow this schedule in future years.

VII. **Review Future Meeting Dates**

The committee agreed to meet again on Thursday, May 30, 2019 at 6:00 p.m., at Cypress High School – Media Center.

VIII. **Items for Upcoming Meetings**

None at this time.

IX. **Adjournment**

The meeting adjourned at 7:08 p.m.