

MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

May 15, 2023
5:00 PM
Central Language Academy Auditorium



MEASURE K CITIZENS' BOND OVERSIGHT COMMITTEE

Ontario-Montclair School District

May 15, 2023

5:00 PM

at

Central Language Academy Auditorium

415 E. "G" Street

Ontario 91764

AGENDA

- I. Opening:**
 - A. Roll Call
- II. Welcome**
- III. Election of Officers and Terms:**
 - A. Chair
 - B. Vice Chair
- IV. March 3, 2022 Meeting Minutes**
- IV. Presentations and Reports:**
 - A. 2022-2023 Measure "K" Citizens' Bond Oversight Committee Project Update-Brooke Murray
 - B. June 30, 2022 Financial and Performance Audits – Building Fund (Measure K); Prepared by EideBailly, CPAs & Business Advisors - Vanessa Eastland
 - C. Measure K Project Expenditure and Encumbrance Report - Vanessa Eastland
- V. Citizens' Bond Oversight Committee Annual Report: Approval**
 - A. 2022-2023 Measure K Citizens' Bond Oversight Committee Annual Report
- VI. Public Participation:**
- VII. Member Comments:**
- VIII. Next Meeting:**
- IX. Adjournment**

MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

March 3, 2022 Meeting Minutes

MEASURE "K"

CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)

Ontario-Montclair School District

Term Expiration:

Members

Bertha Diaz (Parent Member)
Judith Jasper (Senior Citizen's Organization Member)
Crisol Mena (Parent Active in a PTA Member)
Michael Milhiser (At-Large Member)
Christine Pangelinan (At-Large Member)
Sergio Sahagun (Community Business Owner Member)
Cindi Aguirre (Taxpayers Associate Member)

Current

Apr 2021
Apr 2020
Apr 2021
Apr 2021
Apr 2020
Apr 2020
Apr 2021

Third Term

Apr 2023
Apr 2024
Apr 2023
Apr 2023
Apr 2024
Apr 2022
Apr 2023

MEETING MINUTES

March 3, 2022

Via Zoom

Draft

- I. **Introductions/Welcome:** Meeting was called to order at 5:01 pm.

Members Present: Bertha Diaz, Christine Pangelinan, Judy Jasper, Michael Milhiser, Sergio Sahagun

Members Absent: Cindi Aguirre

OMSD Staff Present: Brooke Murray, Justin Spencer, Mirna Lodge, Mariela Alvarez (interpreter), Phil Hillman, Vanessa Eastland.

Others present: Lesia Beason

- II. **Election of Officers and Terms:** Nominations were opened for Chair and Vice Chair. Bertha Diaz nominated herself for Chair, Sergio Sahagun seconded. Bertha Diaz nominated Sergio Sahagun for Vice Chair seconded by Crisol Mena. The motions passed 6-0.
- III. **Approval of Meeting Minutes:** Meeting minutes for the March 1, 2021 CBOC meeting were reviewed by the members present. Bertha Diaz made a motion to approve the minutes and Sergio Sahagun seconded. The motion passed 6-0.
- IV. **Presentation:**
- A. **Measure K General Obligation Bond Citizens' Bond Oversight Committee Report.**

Brooke Murray presented on projects completed, in progress and planned under the Measure K bond. Brooke did a quick overview of the projects completed and discussed those in progress. Serrano's WATC is nearing completion. Photos shown in the report are about a week old, and there has been significant

March 3, 2022

progress. Brooke explained the “punch list” and that it would be taking place the following day. Expecting to have the building turned over to OMSD the following week, after lines are drawn on basketball court. Ribbon cutting is tentative for late March. She assured committee members will be invited to the event. Benefits from the WATC to students at Serrano include access to state of the art technology via the makerspace and media lab, and a gym for the p.e. program, including basketball and volleyball courts. A question was asked as to the completion date, Phil explained that although the building will be completed, it will not yet be open for use, due to the delay in furniture delivery. Crisol Mena asked if the new WATC building are the same as the one at De Anza. Brooke explained that they are the same lay out, with same rooms (makerspace, media lab...)

Wiltsey MS WATC is also under construction, but a little further behind schedule than Serrano. Roofing was difficult to procure, but concrete is scheduled to be poured this week, which will significantly advance the progress of the project. In addition to the same state of the art technology similar to the other WATC and access to the gym for the p.e. program; some highlights for Wiltsey include four basketball courts that will be on the south side of the new building. Sergio asked for details on the delay of the roof, Brooke explained that part of the delays were caused by COVID and the delays in procurement of supplies for the roof. He also asked if the floor plan was the same for all buildings, Brooke confirmed.

Next, Brooke reviewed the timeline for projects at Vina Danks. Including expansive projects that involve interim housing, HVAC and electrical upgrades in [main] Building ‘A’, seismic replacement of Building ‘B’, finally, the WATC building. Building ‘B’ (gym) replacement has already been planned (renderings shown) and includes a cafeteria, kitchen and new library, planned to start Fall 2023 after the Building ‘A’ seismic project, which is slated to start in Fall of 2022, during which time, interim housing will need to be implemented giving more flexibility for all the planned project phases. Locker room building is also planned but may be incorporated to the WATC building. Phasing of these projects is critical since projects are all linked to one another. Christine Pangelinan inquired about potential seismic retrofit of gym, Brooke explained that building is planned for demo, with the new cafeteria and library constructed in its place and the gym that will be incorporated to the WATC building. Christine also asked why Vina Dank’s WATC was not shown as “under design”, Brooke explained the plan to work on the site from west to east side of campus as well as seismic funding requirements. Crisol inquired about the current library building and whether it is planned to be demolished. Brooke confirmed the library will be temporarily moved to a portable and the new building will include the cafeteria and library.

Brooke reviewed projects under design and the timelines, Lehigh HVAC for which consideration of when it’s best to move kids around, Site security cameras being considered for all elementary school campuses; plans have been completed for these projects, also looking at electronic locks for all sites, water and gas line replacement, designs have been completed for Elderberry, Kingsley & Lehigh and projects will begin once the funding is available on “Ready”. Bertha Diaz would like to thank Brooke for the planned projects at Vina Danks and thank Craig Misso for moving forward with the Vina Danks plans, as promised, and thank you to Mr. Hillman for his support for the Vina Danks projects.

Building Fund (Measure K) Financial & Performance Audit. Prepared by EideBailly, CPAs & Business Advisors). Vanessa Eastland presented on the financial and performance audit report. Mr. Milhiser asked what the current fund balance is, Vanessa acknowledged that the balance shown on the report is from nine months prior and offered to provide the current balance after the meeting. Phil interjected to explain that the first two bond issuances, a total of about \$90m, have almost been spent. There are two more bond issuances coming up, to add about \$50m more. Issuance is planned for later this calendar year, or next year. Phil’s answer to Mr. Milhiser’s question on who our financial advisor is, is Fieldman, Rolapp & Associates. Crisol asked if the next series will be spent on Vina Danks and asked for clarification on projected expenditures shown on the audit report, which Phil clarified is a snapshot of what we anticipate the remaining construction to cost. Also mentioning that not much in the way of bond funds has been spent on Vina Danks yet.

B. 2021-22 Measure K Project Expenditure & Encumbrance Report.

Justin Spencer presented on the expenditures and encumbrances made from inception to June 30, 2021. He reviewed the various expenditures made through bond funds and noted items not paid for by bond funds, such as salaries, in compliance with the bond agreement. He further explained the majority of bond funds are being spent on site construction and building improvements. Justin further noted that the chart for encumbrances and expenditures are relatively the same and coincide with one another. Mr. Milhiser commented on the fact that our schools are being taken care of, Mr. Spencer agreed. Crisol Mena asked what is included in the encumbered transactions, and whether “p.o.’s” were purchase orders. Justin explained that yes, that is the case and described the process of when items are ordered, it creates an encumbrance amount and once the invoice is paid, the encumbrance becomes an expenditure. Mr. Milhiser inquired how many contractors have been used in the bond projects. Brooke explained that there are many contractors and gave an example of 8 bid packages received for the WATC. Crisol Mena asked for clarification about Justin’s comment regarding salaries not coming out of bond funds. He explained salary funds come from various other district funds. Christine Pangelinan asked if there are any benchmarks for inflation, Justin said they are in the expenditures and encumbered numbers, but inflation would not be included as a line item. Brooke clarified that inflation is something that can be estimated in the budget process to estimate what the total cost may be. Lesia Beason inquired about the amount shown as spent for soil testing. Brooke explained that it is a requirement as part of the construction process to ensure we are not disrupting anything in the soil that should not be there.

C. 2021-22 CBOC Annual Report.

Brooke Murray presented the 2021-22 CBOC Annual Report and explained that the annual report will be presented for board approval with the projects in progress and planned, annual report and financial presentations and project revenue. Vanessa explained that the financial part of the annual report reiterates the findings from the audit report.

- V. **Public Participation:** Lesia Beason inquired some of the drinking fountains at Vineyard ES that have been replaced then removed, Brooke explained she would get back to her once she can get more info on this. Ms. Beason commented that she also inquired about the windows in many classrooms at Vineyard and how they are old and drafty. Question in the chat box from Ms. Beason, read by Phil Hillman: “Am I mistaken or was the bond to replace deteriorating classrooms and restrooms. All I am seeing is a lot of new buildings, all I am seeing is a lot of new building, but our classrooms have windows from the 1950’s, they are broken and blow open in storms, our ceilings have exposed air conditioning and heating air ducts, I’ve also seen furniture from the 1970s that is falling apart. So, is this not what the money should be used for?”. Phil’s recalled the bond survey and the community’s response included multiple priorities, security, physical fitness, upgrade older facilities. The job the district had, was to try to balance new and old construction. Bond money has been used for many projects you don’t necessarily see, such as gas/water line replacement, security camera upgrades, not all projects are seen like the WATC buildings are. As far as the concerns in the classroom conditions and furniture, he encouraged she reach out to her Principal to get those things taken care of. Bond funds are not meant for replacing deteriorating furniture. Ms. Beason asked for clarification on the expenditure seen on the report for new furniture for the makerspace and what she sees as 80% of bond expenditures are being spent on new construction versus on deteriorating classrooms. Phil further encouraged Ms. Beason to discuss maintenance issues outside of the CBOC meeting, since it is not a bond issue. Crisol Mena referenced the Williams report and the requirements and how they are related to maintenance issues.

- VI. Approval of Annual Report:**
CBOC members present reviewed the 2020-21 CBOC Annual Report. Mr. Milhiser made a motion to approve the annual report, Crisol Mena seconded. The motion passed 6-0.
- VII. Members Comments:** Bertha Diaz would like to know if the Measure K funds are not enough for all the work needed at Vina Danks, can a new bond be put on the ballot. She feels our schools need more money and she would be willing to work towards passing another bond measure. Phil explained that we anticipate having sufficient funds to cover the work planned at Vina Danks. He said there is a possibility for a new bond measure, but not for some time later. Mrs. Diaz thanked Mr. Hillman for the clarification on future bond measures.
- VIII. Future Meetings:** To be Determined. Members expressed the desire to meet in person.
- IX. Adjournment:** Bertha Diaz motioned to adjourn the meeting, Christine Pangelinan seconded. The motion passed 6-0. The meeting adjourned at 6:26 PM.

Draft

MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

Measure K General Obligation Bond Citizens'
Bond Oversight Committee Report



Measure K General Obligation Bond Citizens' Bond Oversight Committee Report 2022-2023

May 15, 2023

Committee Members

Cindi Aguirre ~ Bertha Diaz ~ Judith Jasper ~ Crisol Mena ~ Michael Milhiser ~ Christine Pangelinan ~ Sergio Sahagun

Measure K – Background

2

On November 8, 2016, the voters of the Ontario-Montclair School District (“District”) authorized a **\$150 million** general Obligation Bond (Measure K Bond) under the Proposition 39 statutes. The first issuance of the Bond proceeds (“Series A”) were sold in March 2017 in the amount of **\$35 million**. In March 2019, the second issuance (“Series B”) was authorized in the amount of **\$45 million**.

Projects planned with these proceeds include:

- *Aging Facilities, Infrastructure, and Code Compliance*
- *School Safety and Security*
- *Physical Fitness*
- *Technology*
- *Other Improvements*

MEASURE



Examples of projects being considered under the Measure K Bond proceeds include the renovation/repair of aging classrooms, plumbing, gas lines, asbestos/lead paint abatement, code compliance, school security, fire safety, increase water conservation/energy efficiency, improve technology/computer/science labs, construct, acquire/retrofit school facilities, sites/equipment, including physical education facilities, gyms, lockers, bleachers, multipurpose rooms used for after-school programs, assemblies, sports, performing arts and serving meals, construct, upgrade, reconfigure parking lots and drop off/pick up zones, and temporary housing of displaced District activities caused by bond projects. This report provides a status on projects completed, under construction, and under design.

Measure K – Background (cont.)

Measure K General Obligation Bond approved by voters November 8, 2016

- Passed at 78% approval level
- Highest approval rating of any school bond in San Bernardino County
- Maximum \$150 million bond authorization

Issuances

- March 2017 – Issued Series A in the amount of \$35 million
- March 2019 – Issued Series B in the amount of \$45 million
- **June 2023 – Issued Series C in the amount of \$30 million**
- 2026 – Estimated Series D Issuance \$16 million
- Future issuance dates to be determined
 - Cost of construction
 - Cash flow timing
 - Assessed valuation

Measure K – Accountability Measures

Independent Audits

- Two separate independent audits – Financial and Performance – are required
- Completed audits posted to OMSD website for years ending June 30, 2016 -2022
- Audit for year ending June 30, 2022 – Board Accepted at February 16, 2023 Meeting

Citizens Bond Oversight Committee (CBOC)

- Created with the authority to review expenditures of bond proceeds to determine they were spent for authorized purposes
- Consists of seven members representing different segments of the community and cannot include District employees
- Since the first issuance of bonds (March 2017), six meetings have been conducted and agendas/minutes/attachments are on the OMSD web site

Completed Projects

School Safety and Security

Series A & B

5

Mission Office Entrance Modifications

Central Language Academy Entrance Modifications

Euclid Elementary School Entrance Modifications

Perimeter Fencing at 33 Sites

Security Camera Upgrades at Six Middle Schools

Completed Summer 2018

Completed Summer 2019

Completed Summer 2019

Completed Summer 2019

Completed Fall 2018



Completed Projects

Aging Facilities, Infrastructure, and Code Compliance

Series A & B

6

Fire Alarm Upgrades at Bon View

Water and Gas Line Replacement @ Haynes & Howard

Drinking Fountain Upgrades District-Wide

Completed Summer 2017

Completed Summer 2017

Completed Fall 2018



Completed Projects

Aging Facilities, Infrastructure, and Code Compliance (cont.)

Series A & B

Central Language Academy Modernization/ Seismic Upgrade and Euclid Elementary School Modernization/ Seismic Upgrades

- Seismic Retrofitting
- Roof Replacement
- Carpet Replacement
- Ceiling replacement
- HVAC Upgrades
- Interior & Exterior Painting
- Tackwall Upgrade
- Office Workstation Upgrades
- Water and Gas Lines
- Security Entrance Modifications



Completed Projects

8

Parking Lot Expansion/Site Restoration Projects

Series A & B

Central Language Academy
Parking Lot Expansion



Euclid Elementary School
Playground Restoration



Completed Projects

Aging Facilities, Infrastructure, and Code Compliance (cont.)

Series A & B

Serrano Middle School

(MPR & Bldg. C) Modernization/ Seismic Upgrade

and

Wiltsey Middle School

(MPR & Bldg. G) Modernization/ Seismic Upgrade

- ADA Accessibility Upgrades
- Seismic Retrofitting
- Roof Replacement



Completed Projects

Physical Fitness & Technology

Series A & B

De Anza Middle School (October 2019) 21st Century Learning Environment

Regulation-size basketball & volleyball courts
Practice courts
Performing Arts Stage
Maker Space
Multimedia Lab



Vernon Middle School (August 2019) 21st Century Learning Environment

Regulation-size basketball & volleyball courts
Practice courts
Performing Arts Stage
Maker Space
Multimedia Lab



Completed Projects

Physical Fitness & Technology (cont.)

Series A & B

Serrano Middle School (April 2022) 21st Century Learning Environment

Regulation-size basketball & volleyball courts
Practice courts
Performing Arts Stage
Maker Space
Multimedia Lab



Wiltsey Middle School (June 2022) 21st Century Learning Environment

Regulation-size basketball & volleyball courts
Practice courts
Performing Arts Stage
Maker Space
Multimedia Lab



Projects in Design

*Aging Facilities, Infrastructure, Code & Physical Fitness
Series C: June 2023 – 2026*

12

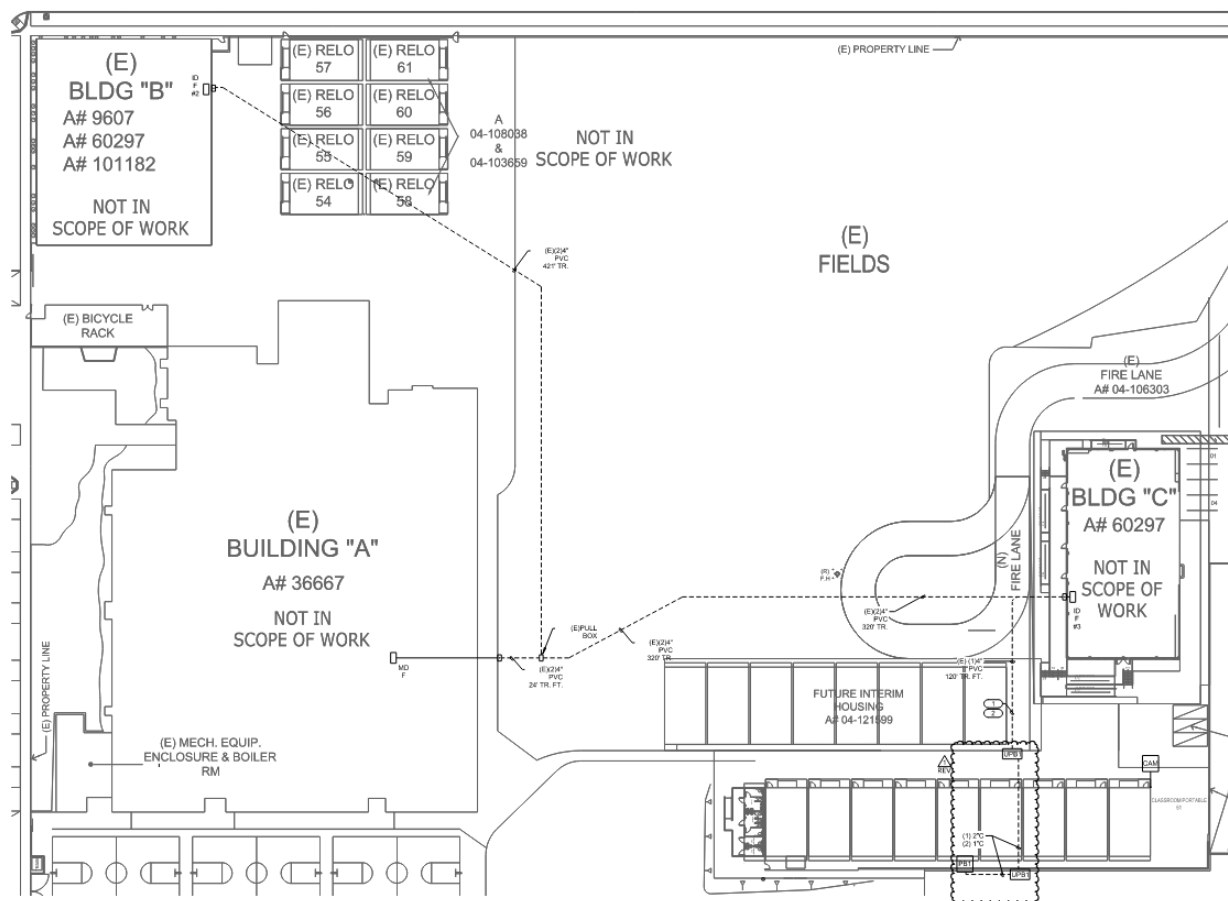
Vina Danks Middle School

Projects Scope and Estimated Timelines

- Phase 1 – Interim Housing (ESSER) 9 Purchased, 1 Restroom, 7 leased and 1 existing
June 2023 – October 2023
- Phase 2 – Building A Modernization and HVAC Replacement (ESSER)
October 2023 – August 2024
- Phase 3 – Demolition Building B Library/Gym (Bond – Seismic Replacement)
August 2024 – October 2024
- Phase 4 – New Construction Building B Cafeteria/Library & Building C WATC (Bond)
November 2024 – February 2026
- Phase 5 – Convert old kitchen to fitness center (Bond)
June 2026 – August 2026
- Phase 6 – Demolition of Building C & Parking (Bond – Seismic Replacement)
July 2026 – September 2026
- Phase 7 – Site Restoration & East Parking Lot Expansion (Bond)
July 2026 – September 2026

Projects in Design

Vina Danks Modernization & Building Expansion



1

OVERALL SITE PLAN

1/15/2016

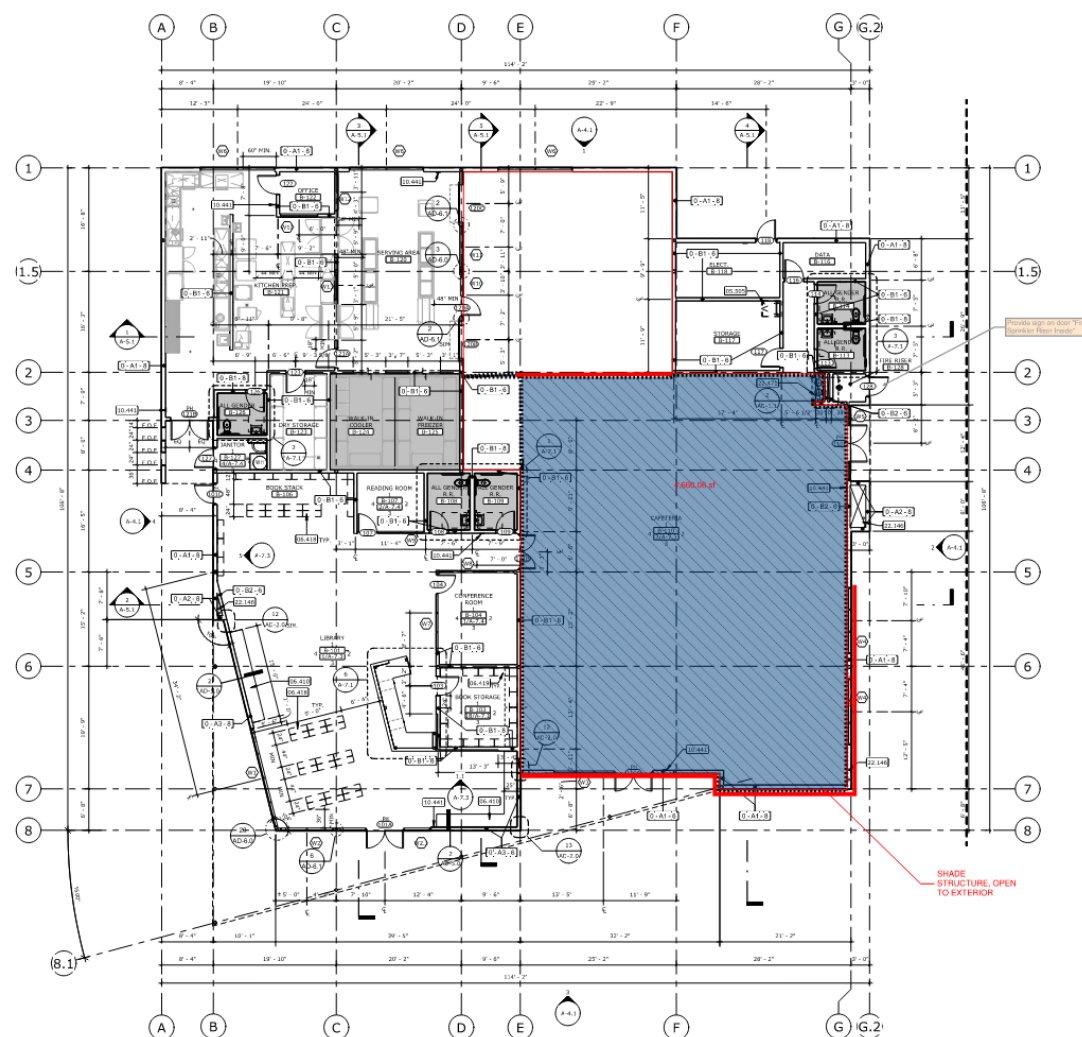
Projects in Design

Vina Danks Modernization & Building Expansion



Projects in Design

Vina Danks Building B New Construction (Library and Cafeteria)



Projects in Design

Vina Danks Wellness Arts and Technology Center



Additional Projects under Design Review for Series D

Water & Gas Line Replacement

- Elderberry
- Kingsley
- Lehigh
- Lincoln
- Moreno
- Serrano
- Elderberry

De Anza

- Locker Room



Questions?

MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

Measure K Project
Expenditure and Encumbrance Report



December 13, 2022

To the Governing Board
Ontario-Montclair School District
Ontario, California

We have audited the financial statements and conducted the performance audit of Ontario-Montclair School District's Building Fund (Measure K) as of and for the year ended June 30, 2022 and have issued our report thereon dated December 13, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit of the District's Building Fund (Measure K) under Generally Accepted Auditing Standards and *Government Auditing Standards* and the Performance Audit under *Government Auditing Standards*.

As communicated in our engagement letter dated June 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our audit of the financial statements and performance audit does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Ontario-Montclair School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 13, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- **Management Override of Controls** – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the District may have the ability to override controls that the District has implemented. Management may override the District's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the District's financial performance or with the intent of concealing fraudulent transactions.
- **Revenue Recognition** – We identified revenue recognition as a significant risk due to financial and operational incentives for the District to overstate revenues.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Ontario-Montclair School District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's Building Fund (Measure K) financial statements relate to:

The Summary of significant accounting policies in Note 1.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected or uncorrected misstatements of the financial statements as a result of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Ontario-Montclair School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify and circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 13, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Ontario-Montclair School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Ontario-Montclair School District's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Building Fund specific to Measure K are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of Ontario-Montclair School District as of June 30, 2022, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of Ontario-Montclair School District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California



Financial and Performance Audits
Building Fund (Measure K)
June 30, 2022

Ontario-Montclair School District

FINANCIAL AUDIT

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Financial Audit
Building Fund (Measure K)
June 30, 2022

Ontario-Montclair School District



Independent Auditor's Report

Governing Board and
Citizens Oversight Committee
Ontario-Montclair School District
Ontario, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Building Fund (Measure K) of the Ontario-Montclair School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Building Fund (Measure K) of the District, as of June 30, 2022, and the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Building Fund (Measure K), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the Building Fund (Measure K) of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Building Fund (Measure K) of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Building Fund (Measure K) of the District's internal control over financial reporting and compliance.

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Rancho Cucamonga, California
December 13, 2022

Ontario-Montclair School District
Building Fund (Measure K)
Balance Sheet
June 30, 2022

Assets	
Investments	\$ 3,448,091
Receivables	<u>14,722</u>
Total assets	<u><u>\$ 3,462,813</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 1,567,273</u>
Fund balance	
Restricted for capital projects	<u>1,895,540</u>
Total liabilities and fund balance	<u><u>\$ 3,462,813</u></u>

Ontario-Montclair School District
Building Fund (Measure K)
Statement of Revenues, Expenditures, and Change in Fund Balance
Year Ended June 30, 2022

Revenues	
Interest income	\$ 102,563
Net decrease in the fair value of investments	(187,356)
Other local revenue	<u>2,000</u>
Total revenues	<u>(82,793)</u>
Expenditures	
Current	
Supplies	285,307
Services and other operating expenditures	1,639,729
Capital outlay	<u>13,797,491</u>
Total expenditures	<u>15,722,527</u>
Net Change in Fund Balance	(15,805,320)
Fund Balance - Beginning	<u>17,700,860</u>
Fund Balance - Ending	<u><u>\$ 1,895,540</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Ontario-Montclair School District's (the District) Building Fund (Measure K) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The Ontario-Montclair School District Building Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Building Fund of the Ontario-Montclair School District used to account for Measure K projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure K. These financial statements are not intended to present fairly the financial position and results of operations of the Ontario-Montclair School District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Building Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Building Fund (Measure K) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and change in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid, and all outstanding encumbrances lapse at June 30.

Fund Balance - Building Fund (Measure K)

As of June 30, 2022, the fund balance is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Investments

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Investment Pool. The District maintains a Building Fund (Measure K) investment of \$3,448,091 with the San Bernardino County Treasury Investment Pool, with an average maturity of 495 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Bernardino County Treasury Investment Pool has been rated AA Af/S1 by Fitch Ratings as of June 30, 2022.

Note 3 - Receivables

Receivables at June 30, 2022, consisted of the following:

Interest	\$ 14,722
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Note 4 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

Services and other operating expenditures	\$ 78,456
Capital outlay	1,488,817
	<u>\$ 1,567,273</u>

Note 5 - Commitments and Contingencies

As of June 30, 2022, the Building Fund (Measure K) had the following commitments with respect to unfinished projects:

Measure K Projects	Remaining Construction Commitment*	Expected Date of Completion
Arroyo 7 & 8 Grd Reconfg	\$ 305,921	08/31/2022
El Camino Parking Lot	531,562	08/31/2022
Vina Danks Relo't Classroom Relocations	3,000,000	08/31/2023
Haynes Relo Restroom Add't	137,256	08/31/2023
Moreno Relocatables	900,000	08/31/2023
Elem School CCTV Cameras	4,809,600	12/30/2023
Vina Danks HVAC	16,315,511	06/30/2024
Lehigh HVAC	1,994,760	06/30/2024
Moreno HVAC	1,997,000	06/30/2024
	<u>\$ 29,991,610</u>	

* Portion of certain projects will be funded by the next series of Measure K.

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measure K) as of June 30, 2022.



Independent Auditor's Report
June 30, 2022
Ontario-Montclair School District



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Governing Board and
Citizens Oversight Committee
Ontario-Montclair School District
Ontario, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Building Fund (Measure K) of the Ontario-Montclair School District (the District) as of and for the year ended June 30, 2022, and the related notes of the financial statements, and have issued our report thereon dated December 13, 2022.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Building Fund (Measure K), and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2022, the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Building Fund (Measure K) financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Building Fund (Measure K) of the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 13, 2022

None reported.

Ontario-Montclair School District
Building Fund (Measure K)
Summary Schedule of Prior Audit Findings
June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



Performance Audit
Building Fund (Measure K)
June 30, 2022

Ontario-Montclair School District



Independent Auditor's Report on Performance

Governing Board and
Citizens Oversight Committee
Ontario-Montclair School District
Ontario, California

We were engaged to conduct a performance audit of the Building Fund (Measure K) of the Ontario-Montclair School District (the District) for the year ended June 30, 2022.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution and Appendix A contained in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Building Fund (Measure K) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

This report is intended solely for the information and use of the District, Governing Board, and Citizens Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 13, 2022

Authority for Issuance

The general obligation bonds associated with Measure K were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Education of the District on July 7, 2016.

The District received authorization from an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed \$150,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55% of the votes cast by eligible voters within the District (the 2016 Authorization). The bonds represent the fourth series of the authorized bonds to be issued under the 2016 Authorization.

Purpose of Issuance

“The proceeds of the general obligation bonds of the District would be used to finance the design, acquisition, installation, restoration and construction of public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of one or more school sites, and related facilities costs, including, but not limited to, financing the following: renovation of student restrooms, classrooms, and science labs; repair and replacement of heating, upgrading of electrical systems and wiring to safely accommodate computers, technology and other electrical devices; repair and replacement of plumbing, sewer, and water pipes, fixtures and systems; replacement of emergency communications and security systems; demolition; seismic upgrades; asbestos and mold abatement; and, improved access for disabled persons. Project costs for expansion of existing facilities may include, but is not limited to, some or all of the following: site and/or other real property acquisition, including payments on or for interim financing, preparation, infrastructure, and related expenses; construction or lease of temporary or permanent classrooms, instructional support, *and/or* ancillary facilities. Project costs for furniture and equipment may include but *is* not limited to some or all of the following: desks and tables; window and floor covering; computer, media recording and presentation equipment; cafeteria and food preparation equipment; science laboratory equipment; and/or other electronic equipment”

Authority for the Audit

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The school district must list the specific school facilities projects to be funded in the ballot measure and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.
3. Requires the school district to appoint a citizen's oversight committee.
4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

Objectives of the Audit

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure K.
2. Determine whether salary transactions, charged to the Building Fund were in support of Measure K and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2021 to June 30, 2022. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2022, were not reviewed, or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2022, for the Building Fund (Measure K). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure K as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2021 through June 30, 2022 from Measure K bond proceeds.

- c. We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
- 3. Our sample included transactions totaling \$8,595,470. This represents 54.7% of the total expenditures of \$15,722,527.
- 4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
- 5. We determined that the District has met the compliance requirement of Measure K if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Supporting documents for expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Building Fund (Measure K) and that such expenditures were made for authorized Bond projects.

None reported.

Ontario-Montclair School District
Building Fund (Measure K)
Summary Schedule of Prior Audit Findings
June 30, 2022

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

Measure K Project
Expenditure and Encumbrance Report



Citizen Bond Oversight Committee

Fiscal Presentation
May 15, 2023
Data as of March 31, 2023



Measure K Audit

- Audit as of June 30, 2022
- Audit Purpose:
 - *Form an opinion on financial statements*
 - *Performance audit to verify that the district complied with rules and regulations*
- Financial Statement:
 - *Unmodified opinion = best opinion given*
 - *No material weaknesses or significant deficiencies identified*
- Performance Audit:
 - *Auditor's tested \$8,595,470 out of \$15,722,527 (54.7%) of total expenditures*
 - *No expenditures that were tested were found not in compliance with the requirements Article XIII A of the State Constitution or the requirements of the Measure K*
- Fund Balance as of June 30, 2022 was \$1,895,540
- Fund Balance is considered restricted
 - *Amount that can be spent only for specific purpose*
- Findings:
 - *None*



Project Activity

PROJECT	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
ARROYO—MODERNIZATION	301,782.54	-	301,782.54
BERLYN—CLEAN ENERGY PROJECT	9,371.26	-	9,371.26
BERLYN—MODERNIZATION	506,720.58	-	506,720.58
BON VIEW —MODERNIZATION	326,454.73	-	326,454.73
BUENA VISTA—MODERNIZATION	755,281.93	-	755,281.93
CENTRAL—CLEAN ENERGY PROJECT	661,439.80	-	661,439.80
CENTRAL—MODERNIZATION	2,041,357.90	570.77	2,041,928.67
CENTRAL—SEISMIC RETROFIT	6,096,522.20	-	6,096,522.20
CORONA—CLEAN ENERGY PROJECT	234.56	-	234.56
CORONA—MODERNIZATION	331,224.66	-	331,224.66
DE ANZA—MODERNIZATION	413,214.98	-	413,214.98
DE ANZA—WATC	10,592,045.67	-	10,592,045.67
DEL NORTE—CLEAN ENERGY PROJECT	270.89	-	270.89
DEL NORTE—MODERNIZATION	462,646.34	-	462,646.34
DISTRICTWIDE—CLEAN ENERGY PROJECT	61,961.91	-	61,961.91
DISTRICTWIDE—SEISMIC RETROFIT	640,584.75	-	640,584.75



Project Activity

PROJECT	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
EDISON—MODERNIZATION	1,111,717.59	1,201.65	1,112,919.24
EDISON—SEISMIC RETROFIT	164,197.07	-	164,197.07
EL CAMINO—CLEAN ENERGY PROJECT	35,654.32	-	35,654.32
EL CAMINO—MODERNIZATION	523,491.42	-	523,491.42
ELDERBERRY—CLEAN ENERGY PROJECT	235.78	-	235.78
ELDERBERRY—MODERNIZATION	385,759.99	-	385,759.99
ELEMENTARY SCHOOL CCTV UPGRADES	354,900.00	95,300.00	450,200.00
EUCLID—CLEAN ENERGY PROJECT	643,414.59	-	643,414.59
EUCLID—MODERNIZATION	810,124.74	-	810,124.74
EUCLID—SEISMIC RETROFIT	4,366,724.93	-	4,366,724.93
HAWTHORNE—CLEAN ENERGY PROJECT	1,801.29	-	1,801.29
HAWTHORNE—MODERNIZATION	384,771.02	-	384,771.02
HAYNES—MODERNIZATION	425,800.81	-	425,800.81
HOWARD—CLEAN ENERGY PROJECT	1,584.28	-	1,584.28
HOWARD—MODERNIZATION	877,959.22	-	877,959.22
KINGSLEY—CLEAN ENERGY PROJECT	1,594.10	-	1,594.10



Project Activity

PROJECT	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
KINGSLEY—MODERNIZATION	329,927.89	-	329,927.89
LEGAL EXPENSE	43,219.99	45,000.00	88,219.99
LEHIGH—CLEAN ENERGY PROJECT	1,287.95	-	1,287.95
LEHIGH—MODERNIZATION	528,586.30	-	528,586.30
LIDNA VISTA—CLEAN ENERGY PROJECT	1,187.74	-	1,187.74
LINCOLN—CLEAN ENERGY PROJECT	813.07	-	813.07
LINCOLN—MODERNIZATION	354,281.22	-	354,281.22
LINCOLN—SEISMIC RETROFIT	488,925.24	-	488,925.24
LINDA VISTA—MODERNIZATION	201,863.82	-	201,863.82
MARIPOSA—CLEAN ENERGY PROJECT	2,224.73	-	2,224.73
MARIPOSA—MODERNIZATION	173,996.78	-	173,996.78
MARIPOSA—SEISMIC RETROFIT	3,200.00	-	3,200.00
MISSION—CLEAN ENERGY PROJECT	956.76	-	956.76
MISSION—MODERNIZATION	640,915.77	-	640,915.77
MONTE VISTA—MODERNIZATION	451,701.40	-	451,701.40
MONTERA—MODERNIZATION	374,160.86	-	374,160.86



Project Activity

PROJECT	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
MORENO—MODERNIZATION	610,642.87	-	610,642.87
OAKS—CLEAN ENERGY PROJECT	643.94	-	643.94
OAKS—MODERNIZATION	392,033.84	-	392,033.84
RAMONA—CLEAN ENERGY PROJECT	4,599.48	-	4,599.48
RAMONA—MODERNIZATION	520,343.15	-	520,343.15
SERRANO—CLEAN ENERGY PROJECT	3,063.65	-	3,063.65
SERRANO—MODERNIZATION	383,842.19	-	383,842.19
SERRANO—SEISMIC RETROFIT	1,951,635.17	-	1,951,635.17
SERRANO—WATC	12,275,105.21	209,511.98	12,484,617.19
SULTANA—MODERNIZATION	327,912.21	-	327,912.21
VERNON—CLEAN ENERGY PROJECT	2,632.68	-	2,632.68
VERNON—MODERNIZATION	379,729.11	-	379,729.11
VERNON—WATC	11,632,190.26	-	11,632,190.26
VINA DANKS—CLEAN ENERGY PROJECT	152.93	-	152.93
VINA DANKS—MODERNIZATION	661,692.40	-	661,692.40
VINA DANKS—SEISMIC RETROFIT	533,589.31	-	533,589.31



Project Activity

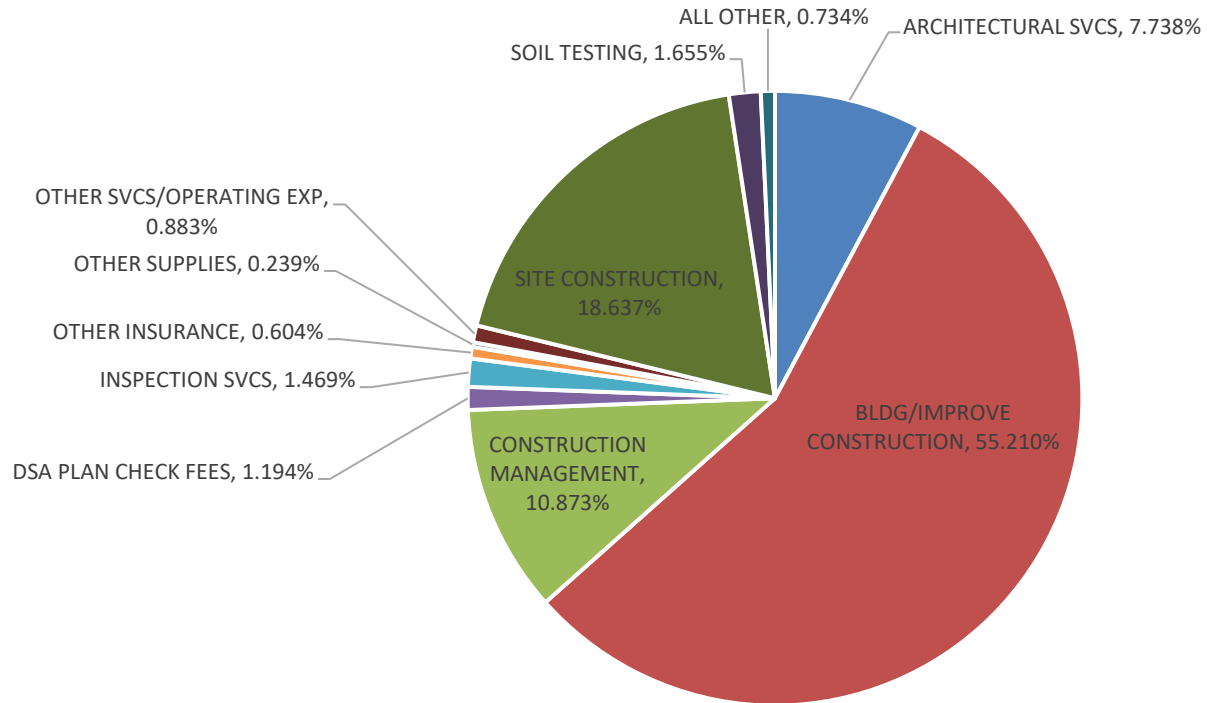
PROJECT	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
VINA DANKS—WATC	7,763.68	-	7,763.68
VINEYARD—MODERNIZATION	258,386.22	-	258,386.22
VISTA GRANDE—CLEAN ENERGY PROJECT	703.31	-	703.31
VISTA GRANDE—MODERNIZATION	380,673.26	-	380,673.26
WILTSEY—CLEAN ENERGY PROJECT	2,337.32	-	2,337.32
WILTSEY—MODERNIZATION	205,104.51	-	205,104.51
WILTSEY—SEISMIC RETROFIT	1,765,980.61	-	1,765,980.61
WILTSEY—WATC	11,553,634.57	269,893.72	11,823,528.29
TOTAL	80,742,487.25	621,478.12	81,363,965.37
VINA DANKS—WATC	7,763.68	-	7,763.68



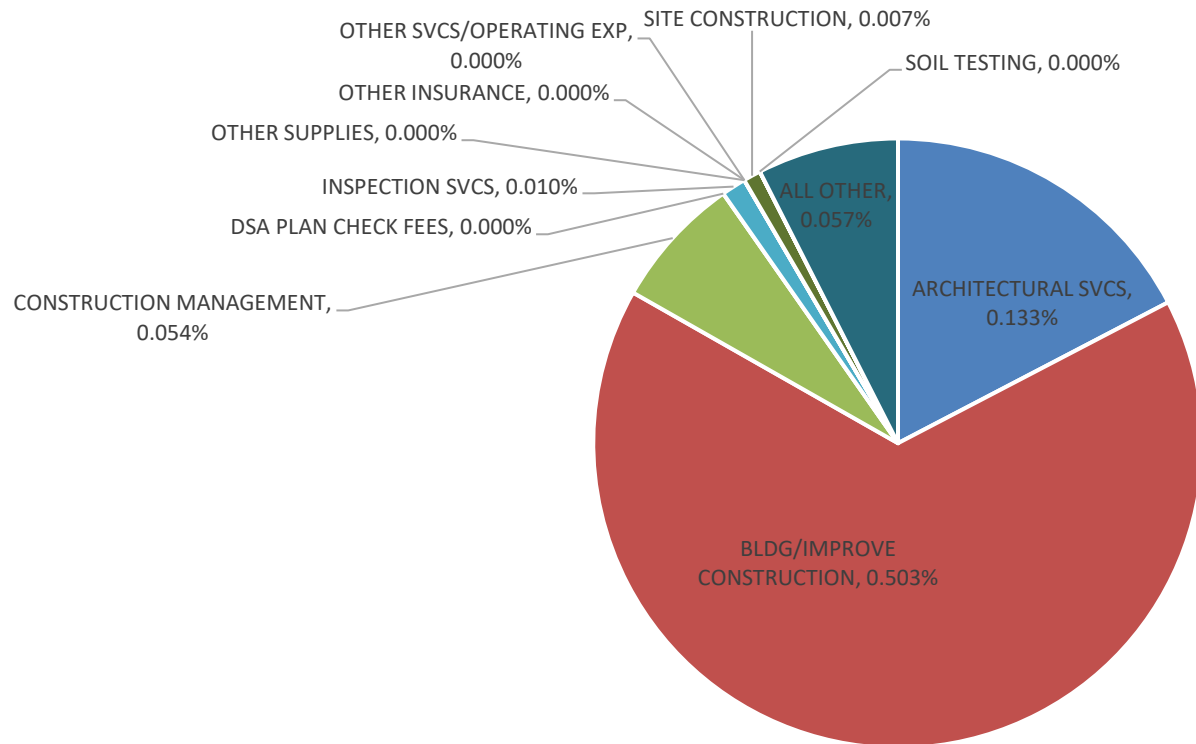
Spending by Category

CATEGORY	INCEPTION-TO-DATE		
	EXPENDITURES-TO-DATE	ENCUMBERED	TOTAL
ARCHITECTURAL SVCS	6,295,661.65	107,816.83	6,403,478.48
BLDG/IMPROVE CONSTRUCTION	44,921,066.87	409,415.62	45,330,482.49
CONSTRUCTION MANAGEMENT	8,846,972.89	43,839.50	8,890,812.39
DSA PLAN CHECK FEES	971,415.44	-	971,415.44
INSPECTION SVCS	1,194,882.18	8,096.00	1,202,978.18
OTHER INSURANCE	491,179.00	-	491,179.00
OTHER SUPPLIES	194,666.26	0.60	194,666.86
OTHER SVCS/OPERATING EXP	718,148.73	-	718,148.73
SITE CONSTRUCTION	15,164,064.63	5,733.20	15,169,797.83
SOIL TESTING	1,346,892.02	43.79	1,346,935.81
ALL OTHER	597,537.58	46,532.58	644,070.16
TOTAL	80,742,487.25	621,478.12	81,363,965.37

Expenditures



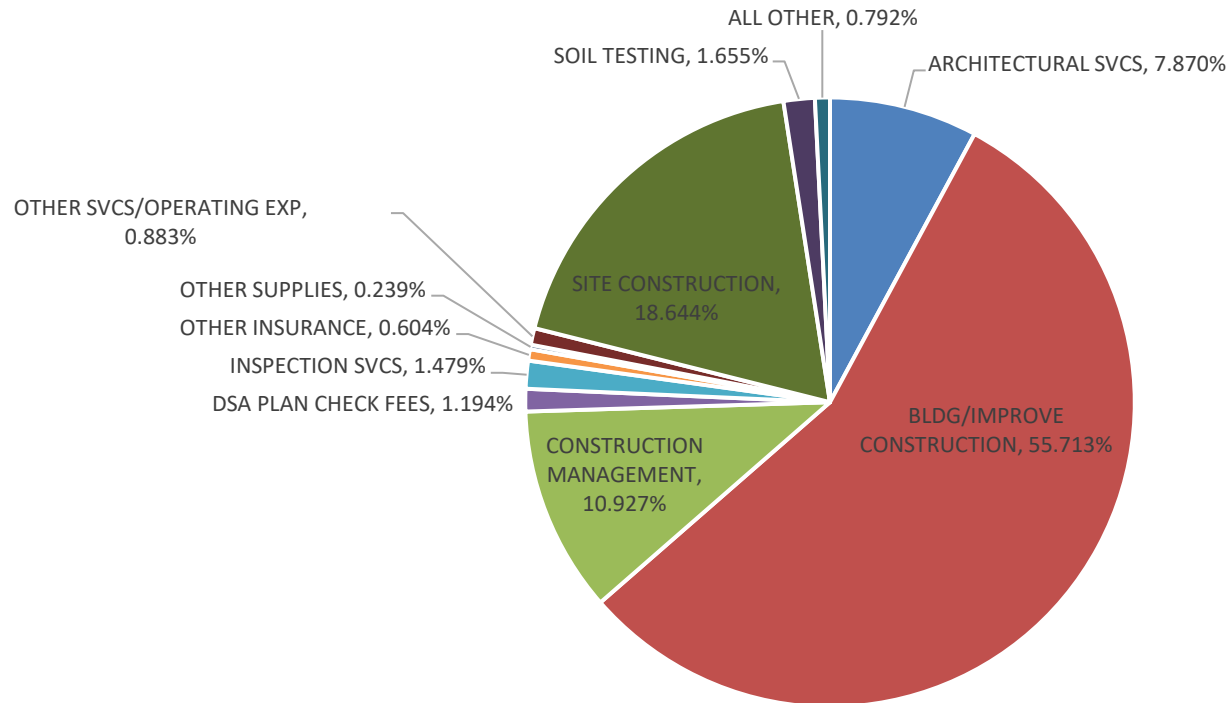
Encumbered



ACTIVITY-TO-DATE TOTAL



Total Activity-to-Date

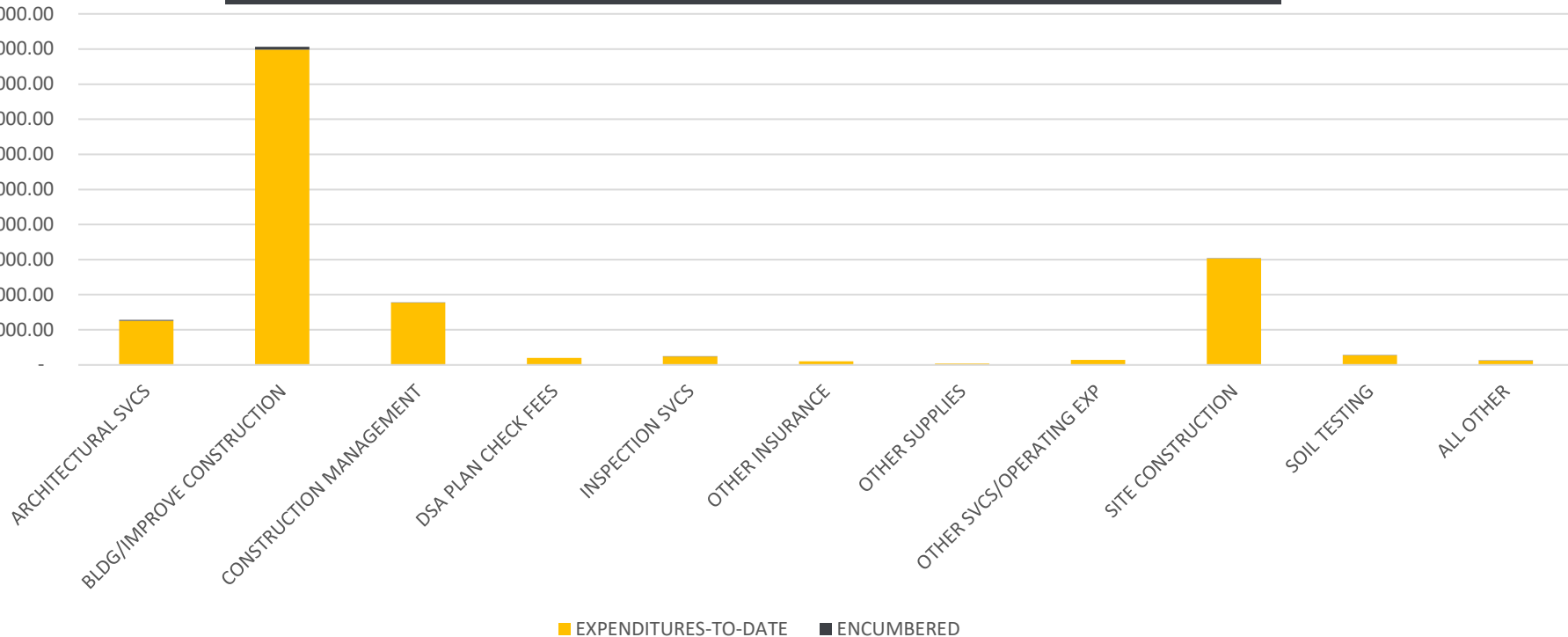


ACTIVITY-TO-DATE TOTAL



Total Activity-to-Date

EXPENDITURES-TO-DATE vs PROJECTED TOTAL PROJECT COST





MEASURE "K"
CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)
Ontario-Montclair School District

Citizens' Bond Oversight Committee
Annual Report

Ontario-Montclair School District
Ontario, California
March 3, 2022
MEASURE “K” CITIZENS’ BOND
OVERSIGHT COMMITTEE

<u>Members</u>	Term Expiration:	
	<u>Current</u>	<u>Third Term</u>
Cindi Aguirre (Taxpayers Associate Member)	Apr 2021	Apr 2023
Bertha Diaz (Parent Member)	Apr 2021	Apr 2023
Judith Jasper (Senior Citizen’s Organization Member)	Apr 2020	Apr 2024
Crisol Mena (Parent Active in a PTA Member)	Apr 2021	Apr 2023
Michael Milhiser (At-Large Member)	Apr 2021	Apr 2023
Christine Pangelinan (At-Large Member)	Apr 2020	Apr 2024
Sergio Sahagun (Community Business Owner Member)	Apr 2020	Apr 2022

2021-2022 ANNUAL REPORT

Background: Education Code Section 15280 requires that the Committee issue “regular reports on the results of its activities,” and that a report shall be issued at least once per year. There is no established or mandated form, or other required content, for an annual report.

1. **Activities of the Committee.**

On January 19, 2017, the Board approve Adoption of Resolution 2016-17-18, establishing an Independent Citizens' Bond Oversight Committee (“CBOC”) and Approving OMSD Independent Citizens' Bond Oversight Committee Bylaws for Measure K. In accordance with the CBOC Bylaws, the committee is to consist of a minimum of seven (7) members. The applications were received and screened to determine the recommended committee membership.

On June 27, 2019 the Board or Trustees filled one vacancy by appointing Cindi Aguirre (Taxpayer Associate Member).

The CBOC convened on March 3, 2022. No business was conducted without a quorum. Agendas and Meeting Minutes, plus exhibits provided to the members, are posted on the District’s website.

2021-2022 Annual Report

Findings of the Committee.

The CBOC has scheduled meetings on a regular basis in compliance with State law and the School District's Board Policy BP 7214 and Administrative Regulation AR 7214.

The CBOC has received reports, updates, and information on the expenditure of the bond funds, and reviewed the expenditures made on projects authorized under the bond measure.

Bond funds have been expended on the identified projects authorized by the bond measure.

No bond measure funds have been spent on teacher/administrator salaries or other school operating expenses.

The annual financial and performance audits for the year ending June 30, 2021, prepared by the auditing firm of EideBailly, CPAs & Business Advisors, was provided to CBOC members on February 18, 2022 and at its March 3, 2022 meeting.

The CBOC has received all necessary and requested technical and administrative assistance from the School District.

The CBOC's Internet website is operational and includes all required documentation and information.

The CBOC received information on the District's efforts to maximize the use of Measure 'K' revenues by implementing cost-saving measures, including competitive bidding, negotiating professional services fees for architectural design and construction management services, reuse of plans, incorporating cost efficient/energy conservation measures, and pursuing supplemental funding, including Prop 39 HVAC replacement funding.

The District is in compliance with the requirements of Article XIII A 1(b)(3) of the California Constitution and Section 15278 of the Education Code governing the establishment of a CBOC.

2. **Summary of Project Revenues and Expenditures as of June 30, 2021.**

Bond authorization: \$150,000,000. Series A bonds: \$35,000,000. Series B bonds: \$45,000,000. Subsequent bond issues: None.

On March 15, 2017, Series A bonds were issued for the bond authorization totaling \$35,000,000.

On March 20, 2019, Series B bonds were issued for the bond authorization totaling \$45,000,000.

As reported in the Audit Report, project expenditures as of June 30, 2021 were \$13,581,669. The Fund ending balance was \$17,700,860. As of June 30, 2021, the Building Fund ("Measure K") indicates commitments with respect to unfinished projects totaling \$31,772,230.

No Audit Findings or Questioned Costs were reported in the Audit Report.

2021-2022 Annual Report

The Audit Report Conclusion states the District's expenditures were made for authorized Bond projects.

Projects' funds may be augmented by other District budgets, as appropriate. These include Developer Fees, Routine Restricted Maintenance Account funds, Special Reserve for Capital Outlay Projects, Prop 39, and funding from the State's School Facilities Program. There were no adjustments to the District's financial records as a result of the Audit Report.

3. **Recommendations/Commendations.**

The CBOC recommends that the District continue its efforts to maximize the use of Measure 'K' revenues by implementing cost-saving measures and pursuing supplemental funding. It is apparent to the Committee that the staff's advanced planning, solid controls procedures, and the development of a strong project management team has resulted in great progress towards the completion of the Measure 'K' projects.

Measure 'K' was passed in November 2016 to provide \$150,000,000, in whole or in part, funds for the renovation/repair of aging classrooms, plumbing, gas lines, asbestos/lead paint abatement, code compliance, school security, fire safety, increase water conservation/energy efficiency, improve technology/computer/science labs, construct, acquire/retrofit school facilities, sites/equipment, including physical education facilities, gyms, lockers, bleachers, multipurpose rooms used for after-school programs, assemblies, sports, performing arts and serving meals, construct, upgrade, reconfigure parking lots and drop off/pick up zones, and temporary housing of dislocated District activities caused by bond projects.

On behalf of the members of the Measure 'K' Citizens' Oversight Committee (CBOC), I submit this 2021-2022 Annual Report to the taxpayers and residents of the Ontario-Montclair School District. The CBOC wishes to thank District staff and the members of the Governing Board who have worked with us to execute our mission of monitoring and overseeing Measure 'K' bond expenditures.

At our March 3, 2022 meeting, the CBOC accepted, reviewed and approved this report.

Respectfully submitted,

Cindi Aguirre
Chair

on behalf of the

Measure 'K' Citizens' Bond Oversight
Committee, Ontario-Montclair School District