NEWARK UNIFIED SCHOOL DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE

CBOC ANNUAL REPORT 2013-2014

LETTER FROM THE CHAIR

Dear Community Members,

As Chair of the Newark Unified School District's Citizens' Bond Oversight Committee, I want to apologize for the delay in issuing this report. The report was delayed due to the inaccurate and delayed financial information from the district office and the Crowe Horwath 2013-2014 Bond Performance Audit contained errors.

Now it is my pleasure to present the second Annual Report of the Measure G Bond Program.

The Bond provides a local funding source approved by the Newark voters in November of 2011. The purpose of the Committee is to inform the public concerning the expenditures and uses of Measure G bond proceeds. The Committee's legal charge is to actively review and report on the expenditures of taxpayer money for school construction.

Voters approved $63 million in bond authority for the Measure G Bond Program in an effort to preserve quality education, provide safe and modern schools, and qualify for matching funds. In the past two years, Newark Unified School District planned, designed and constructed projects towards updating aging facilities to meet earthquake/fire/safety standards; improve access for students with disabilities; remove asbestos, lead and hazardous materials; and improve energy/operational efficiency to maximize funding for instructional programs. Today, these efforts continue and projects are planned for the next three years.

The Citizens' Bond Oversight Committee is currently made up of five members. This committee meets on a quarterly basis to monitor the progress of Measure G projects. The meetings are open to the public and the schedule for the meetings, along with other pertinent information about the committee and the Measure G Bond Program, can be found on the Newark Unified School District website at:

http://www.newarkunified.org/CBOC.

Based on the review and observations of the Citizens' Bond Oversight Committee, we find that the Newark Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and that funds are being used for the purposes specified in the ballot language.

Sincerely,

Cary Knoop
March 8, 2016
Citizens' Bond Oversight Committee Chair

NEWARK
UNIFIED SCHOOL DISTRICT

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THE REASON THE REPORT IS LATE

In July 2015 the CBOC discovered the Crowe Horwath 2013-2014 Bond Performance Audit contained errors. Additionally, the report was delayed due to the inaccurate and delayed financial information provided by the district office.

In January 2016 the district presented an updated Bond Performance Audit performed by Crowe Horwath to the ad-hoc subcommittee of the CBOC charged with preparing the annual report.

On March 8, 2016 the CBOC approved the revised report containing the corrected financial information.

CITIZEN'S BOND OVERSIGHT COMMITTEE

2013-2014

Cary Knoop, Chair
Jack Dane, Vice-Chair
Cindy Parks, Secretary
Tammie Mackey
Theresa Miller
Marilyn Painter

THE MISSION AND PURPOSE OF THE CBOC

The shared vision of the Citizens' Bond Oversight Committee and the Newark Unified School District is to build and maintain schools that promote the full development of children, are educationally and environmentally sound and enhance surrounding neighborhoods positively.

The mission of the Committee is to oversee program and project expenditures for the construction, repair and modernization of schools in accordance with California law and as required by Bond Measure G ballot language.

The Committee is charged with the responsibility of communicating its findings and recommendations to the District and the public.as it reviews information to ensure that the bond funds, authorized by the local voters through Measure G, are expended per ballot language and in a wise and efficient manner.

BOND SYNOPSIS

In November of 2011, citizens of Newark voted to pass Measure G, a $63 million general obligation bond, to assist with capital improvements at 12 of the 13 Newark Unified School District school campuses. The Bond funds will address safety and health concerns for the children at each of the 12 school sites and will help improve the learning environment through construction, repair and renovation of building, site and technology infrastructure.

GENERAL PROGRAM SCOPE

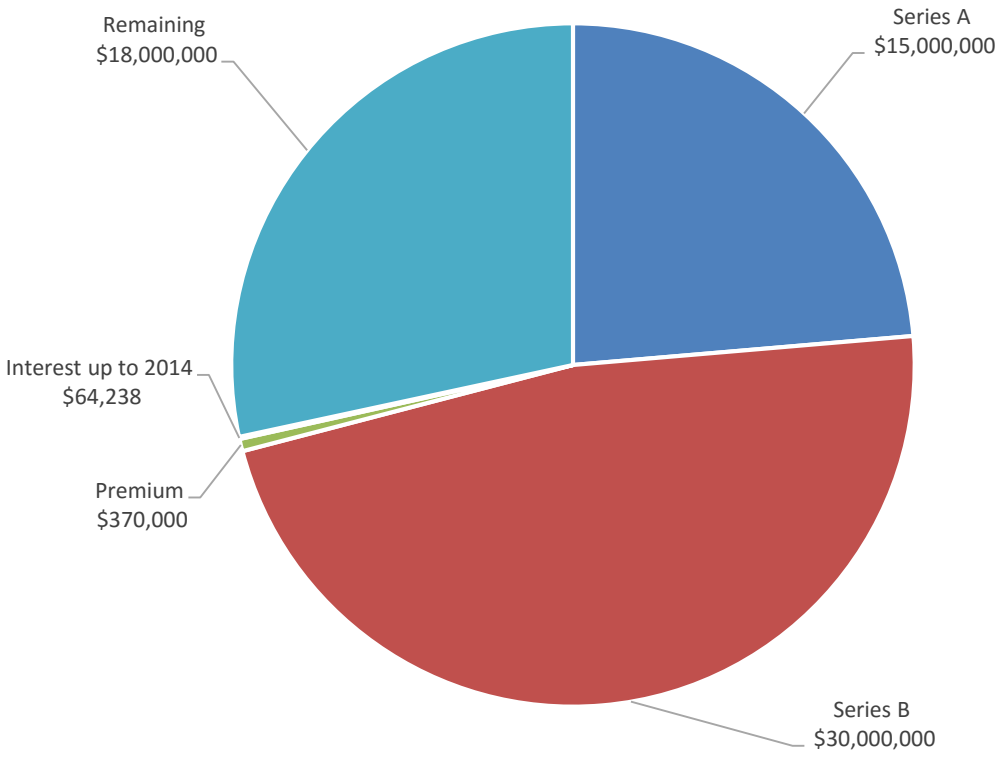
The program scope includes construction projects for replacement of deteriorated roof systems, HVAC units (Heating, Ventilation and Air Conditioning), including the Energy Management System (EMS) and Asphalt Concrete Pavement at the Hardcourt Play Areas. In addition, projects are addressing technology, safety and security with upgrades for access compliance, security cameras and public address systems.

The extent of improvement will vary based on needs of each site.

MEASURE G BOND SALE

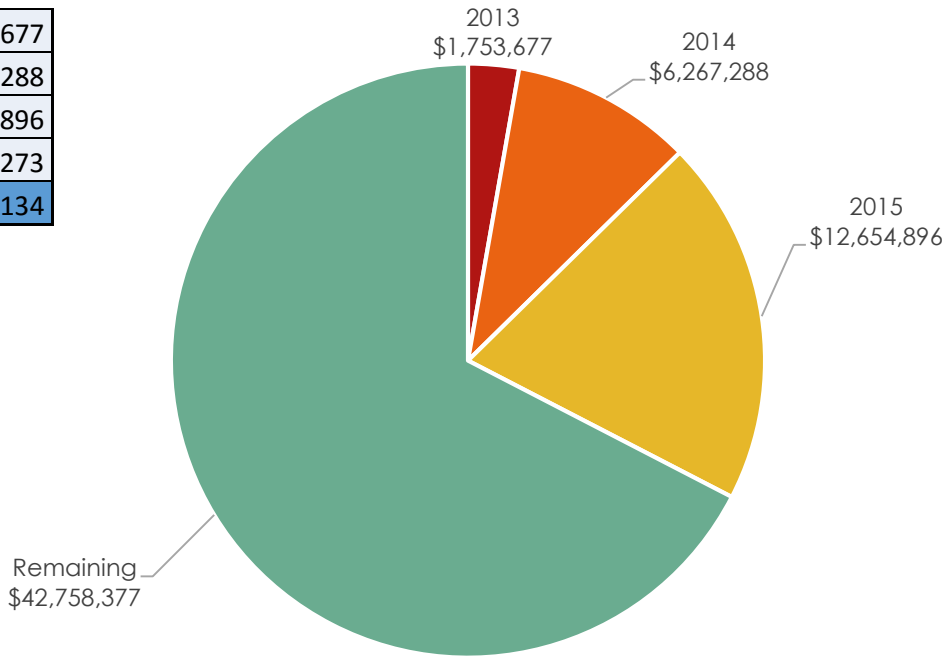
Series A was sold on July 17, 2012 with a true interest cost (TIC) of 3.89%. Series B was sold on June 5, 2014 with a true interest cost of 4.31%.

Series A	$15,000,000
Series B	$30,000,000
- Premium	$370,000
Interest up to 2014	$64,238
Remaining	$18,000,000
Total	$63,434,238



EXPENDITURES BY FINANCIAL YEAR

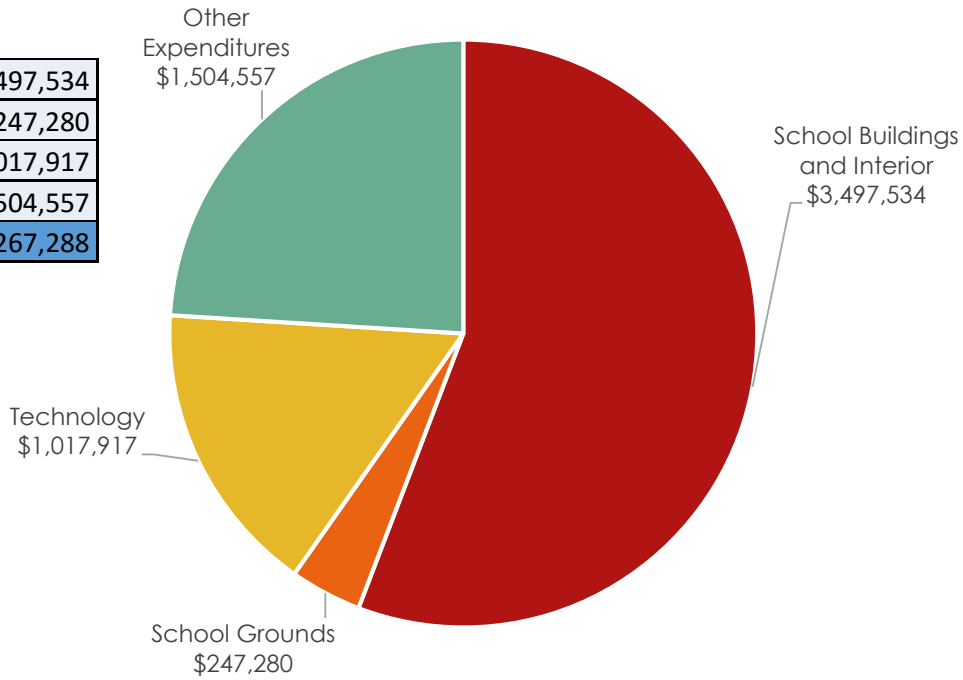
2013	$1,753,677
2014	$6,267,288
2015	$12,654,896
Remaining	$42,758,273
Total	$63,434,134



EXPENDITURES 2013-2014

CATEGORIES

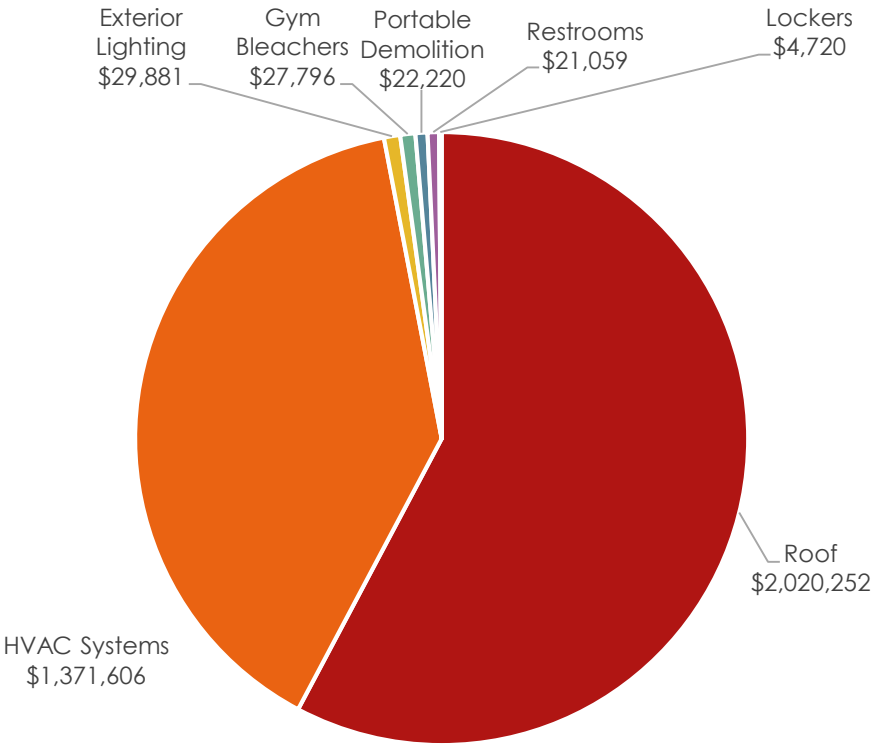
School Buildings and Interior	$3,497,534
School Grounds	$247,280
Technology	$1,017,917
Other Expenditures	$1,504,557
Total	$6,267,288



BREAKDOWN

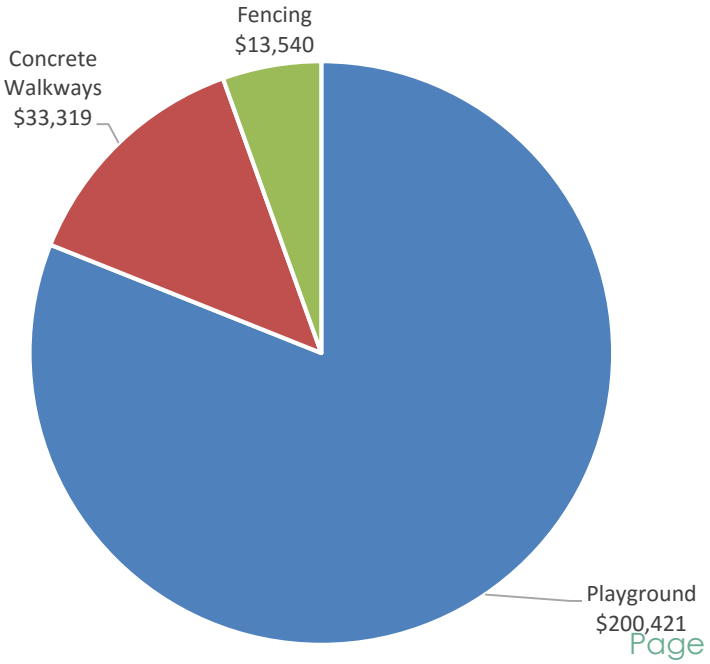
1. SCHOOL BUILDINGS AND INTERIOR

Roof	$2,020,252
HVAC Systems	$1,371,606
Exterior Lighting	$29,881
Gym Bleachers	$27,796
Portable Demolition	$22,220
Restrooms	$21,059
Lockers	$4,720
Total	$3,497,534



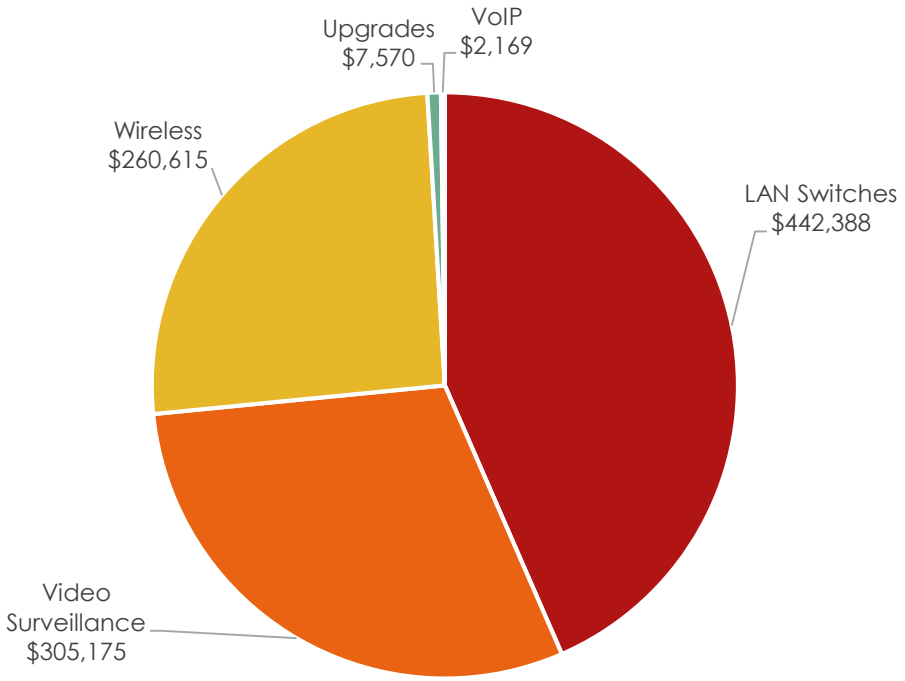
2. SCHOOL GROUNDS

Playground	$200,421
Concrete Walkways	$33,319
Fencing	$13,540
Total	$247,280



3. TECHNOLOGY

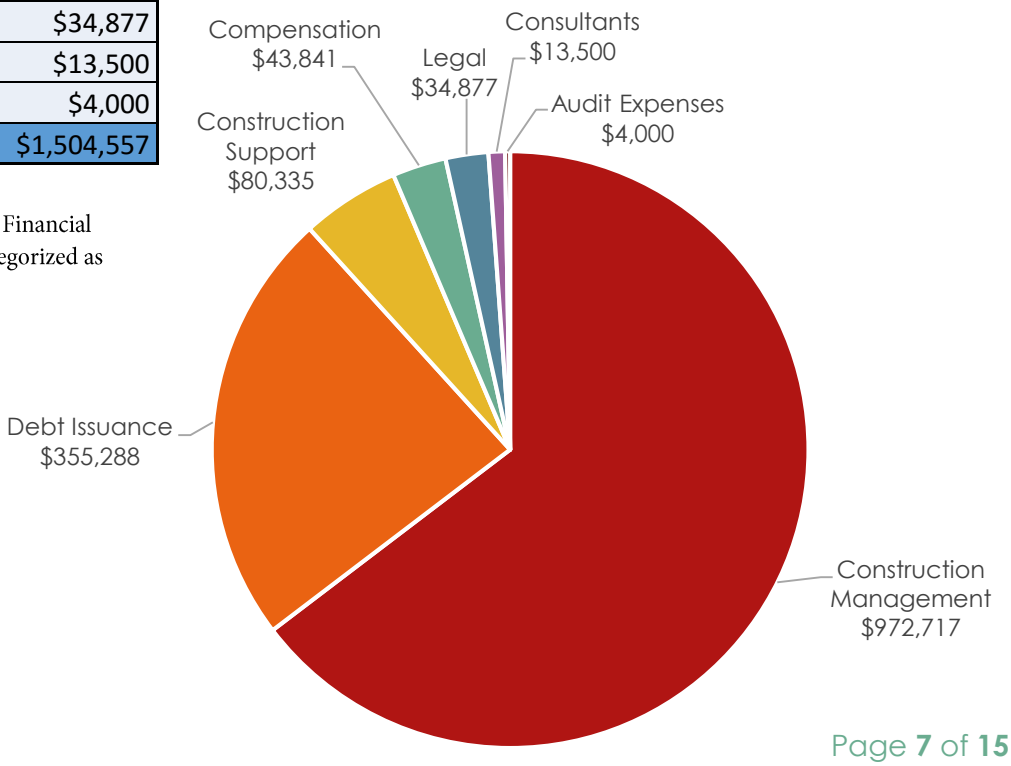
LAN Switches	$442,388
Video Surveillance	$305,175
Wireless	$260,615
Upgrades	$7,570
VoIP	$2,169
Total	$1,017,917



4. OTHER EXPENDITURES

Construction Management	$972,717
Debt Issuance	$355,288
Construction Support	$80,335
Compensation (Note 1)	$43,841
Legal	$34,877
Consultants	$13,500
Audit Expenses	$4,000
Total	$1,504,557

Note 1: Compensation $57,458 on Audited Financial Statement in Building Fund. Difference categorized as Technology (overtime compensation).



FINDINGS AND CONCERNS

1. Separate and apart from the Performance Audit errors, the committee finds that requests for information from the district office, relevant to effectively furthering its purpose, is not always accurate or is often delayed. The committee is very concerned about this situation.

   It took the committee many months to prepare the 2013-2014 CBOC Annual Report due to the repeatedly inaccurate, as well as belated, financial and project related information given to the committee.

2. The committee determined that the financial information the district office provided, which was used to prepare the 2012-2013 CBOC Annual Report, was inaccurate.

   The committee also discovered that both the 2012-2013 and 2013-2014 Performance Bond Audits performed by Crowe Horwath contained errors.

3. Since October 8, 2012 the committee was not offered the opportunity to inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements.

4. The committee recommends the Governing Board evaluate its efforts to fill and maintain at least a seven member CBOC.

RECOMMENDATIONS

1. The committee recommends the Governing Board evaluate how to better provide, in a timely manner, the committee with accurate, relevant financial and project related information, by the district office, to effectively further its purpose.

2. The committee recommends the Governing Board sanction the annual tour for the committee members to visit the school facilities and grounds.

3. The committee recommends the Governing Board evaluate its efforts in communicating that qualified citizens can apply for a position in the CBOC subject to nomination by the Governing Board.

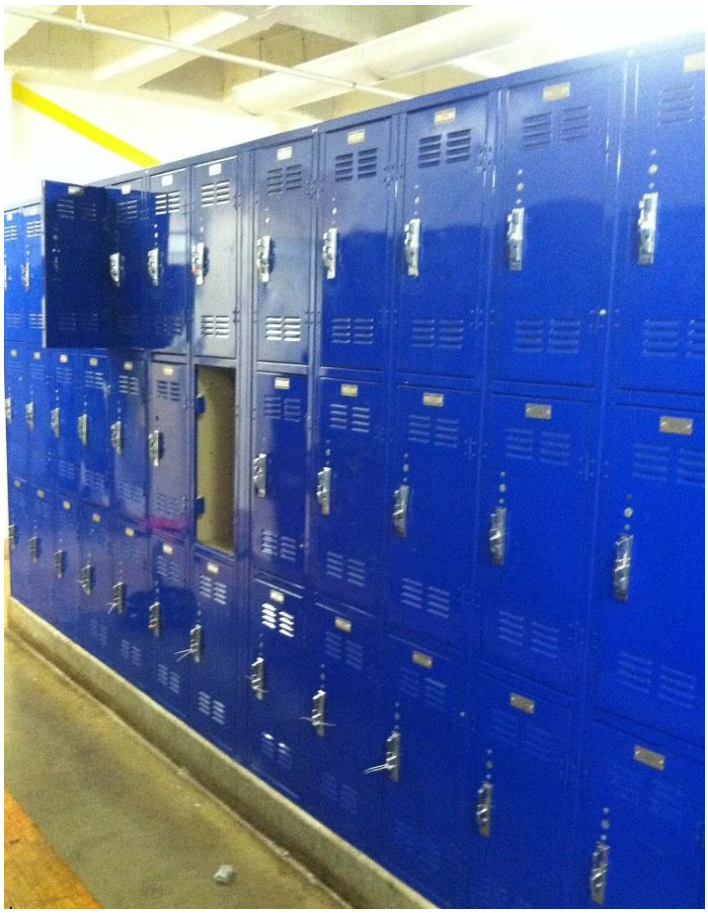
A SELECTION OF PROJECTS THROUGH SUMMER 2014

NEWARK MEMORIAL HIGH SCHOOL

THEATER SEATING (BEFORE)

THEATER SEATING (AFTER)

ROOF REPAIR



BOYS AND GIRLS LOCKER REPLACEMENT

NEWARK JUNIOR HIGH SCHOOL

MAIN ENTRANCE

ENTRY (BEFORE)

ENTRY (AFTER)

CONCRETE REPLACEMENT

GRAHAM ELEMENTARY

ROOF REPLACEMENT PHASE I

ROOF REPLACEMENT PHASE II

SNOW ELEMENTARY

HARDCOURT PLAY AREA

ROOF REPLACEMENT

LINCOLN ELEMENTARY

HARDCOURT PLAY AREA

MILANI ELEMENTARY

CONCRETE REPLACEMENT (BEFORE)

CONCRETE REPLACEMENT (AFTER)

PLAYGROUND

SCHILLING ELEMENTARY

PLAYGROUND (BEFORE)

PLAYGROUND (AFTER)

MUSICK ELEMENTARY

PORTABLE DEMOLITION (BEFORE)

PORTABLE DEMOLITION (AFTER)

PLAYGROUND

WHITEFORD PRE-SCHOOL

PLAYGROUND

FUTURE PROJECTS

2015	
Roof System Replacement and HVAC Upgrades	Newark Memorial High School Newark Junior High School Bunker Elementary Kennedy Elementary Schilling Elementary
Hardcourt Paving and Striping	Bunker Elementary Kennedy Elementary Musick Elementary Graham Elementary Milani Elementary Schilling Elementary
Clocks, Bells and Public Address System Replacement	District Wide

2016	
Roof System Replacement and HVAC Upgrades	Newark Memorial High School Lincoln Elementary MacGregor Alternative Whiteford Preschool

2017	
Roof System Replacement and HVAC Upgrades	Milani Elementary Musick Elementary
Science Classroom Upgrades	Newark Memorial High School

BOND PERFORMANCE AUDIT

The revised Bond Performance Audit performed by Crowe Horwath forms part of this report.

The original audit contained errors. Specifically the reported expenditures did not include the bond issuance cost for series B and indicated an incorrect number in the sample size and percentage of the expenditures tested by the auditor.

The District's former auditors, Crowe Horwath, were contacted about the inconsistencies and asked to review their records and reissue the reports. The process took several months.