



2017/18 MEASURE Q AND MEASURE X ANNUAL REPORT

This annual report, for the period July 1, 2017 through June 30, 2018, is presented on behalf of the Citizens' Bond Oversight Committee in accordance with the Committee's Bylaws.

Bond Measure Q

Measure Q was approved by 76% of the voters in November 2010. It authorizes the issuance of \$280 million in general obligation bonds to offset state budget cuts, attract quality teachers, and repair/improve/modernize classrooms by:

- upgrading vocational education classrooms, science labs, technology and libraries
- improving security, fire safety, restrooms, plumbing and ventilation systems
- increasing handicapped access
- securing state matching funds
- replacing deteriorating portables
- preventing dropouts by improving alternative schools
- acquiring, constructing, repairing campuses, facilities and equipment

All \$280 million in Measure Q bonding authority has been utilized, in issuances listed below:

- Series A/B, October 2011, \$80 million
- Series C, August 2013, \$55 million
- Series D, September 2014, \$60 million
- Series E, September 2015, \$55 million
- Series F, September 2016, \$30 million

The district has been successful in leveraging funding from the State Facility Program for new construction, modernization and career technical education (CTE) projects using Measure Q as the local match. To date, \$56 million in State funding has been received for Measure Q projects; \$14.3 million has been approved but not yet funded; and \$9.1 million has been applied for but not yet approved. There is also an additional \$5.8 million in potential State funding for projects recently completed and currently in construction. Measure Q also leveraged \$5 million in Federal funding for technology infrastructure.

Bond Measure X

Measure X was approved by 67% of the voters in November 2016. It authorizes the issuance of \$225 million in general obligation bonds to attract/retain quality teachers and repair/upgrade schools by:

- improving classrooms, career-technical facilities, science labs, technology
- repairing deteriorating restrooms, plumbing, air conditioning, wiring
- removing asbestos/lead hazards
- upgrading security cameras, lighting, fencing, fire safety
- repairing, building, acquiring facilities/equipment
- securing State funds

Measure X Series A bonds were issued in May 2018, in the amount of \$60 million. Depending on the projects implemented utilizing Measure X, it is estimated there is the potential for \$33 million in State funding in the current State bonding authority. As of September 2018, all State funding for new construction projects (versus modernization or CTE) has been encumbered; no bonding authority remains. Assuming a future State bond, it is estimated there may be the potential for \$22 million in funding for Measure X projects, depending on the projects implemented. The district continues to take extra steps to ensure projects meet State Facility Program requirements to be eligible for additional funding in the future.

Measure Q and Measure X were structured to maintain the current tax rate of \$188.86 per \$100,000 of assessed valuation. The district has kept its commitment to the community; the tax rate has been stable for nine consecutive years.

State Proposition 39

Measure Q and Measure X are Proposition 39 bonds. State Proposition 39, which was approved by the voters in November 2000, amended Article XIII A, Section 1(b)(3) of the California Constitution to decrease the requirement for passage of local school facilities bonds from two-thirds (66.7%) voter approval to 55%. In conjunction with dropping the approval threshold, Proposition 39 requires that:

- Bond funds must be used only for constructing, rehabilitating, and equipping school facilities, or acquiring/leasing property for school facilities.
- The school projects to be funded with bond funds must be included on the ballot.
- The district must conduct annual, independent performance and financial audits to ensure bond funds have been expended only on eligible school facilities projects.

Citizens' Bond Oversight Committee

The Citizens' Bond Oversight Committee (CBOC) complies with State legislation implementing Proposition 39 that requires school district governing boards to appoint an oversight committee to inform the public concerning the expenditure of bond funds. Per its Bylaws, the CBOC's duties are to review the quarterly bond expenditure reports produced by the district, and present an annual report to the public indicating the district's compliance with the State Constitution. To perform the duty of reporting on Constitutional compliance, the CBOC receives and reviews the required annual, independent performance and financial audits.

CBOC members, with the exception of the Committee Chair, are appointed by the Board. The Chair is appointed by the Superintendent. Members are required to live within Fresno Unified boundaries; be at least 18 years old; and not be a vendor, contractor, consultant, employee or official of the district. CBOC members during all or a portion of 2017/18 were: William Clark, Michael Lopez, Jose Mejia, Jamee Moltini, Guillermo Moreno, Bruce O'Neal, Dominic Papagni, Patricia Pointer, Michele Rodriguez, Chuck Riojas, Barbara Steck and Dennis Zeuner.

The quarterly meetings of the CBOC are publicly noticed and held at the Brawley Service Center. During 2017/18, meetings were held on August 22 and November 8, 2017 and February 15, 2018 and May 17, 2018. The April meeting offered a tour of bond projects throughout the district. Meeting agendas include project updates, review of bond expenditure reports that detail every bond dollar spent by school and project, an audit report presented by the district's independent accountant, other related bond/project topics, and an opportunity for public comment. Meeting materials are provided in advance and are available on the district's website.

Annual and Quarterly Audits of Bond Projects and Bond Expenditures

The CBOC receives and reviews three types of audit reports, as described below.

Required Annual Independent Performance Audit

The district's independent auditor, Crowe Horwath, conducted performance audits for Measure Q and Measure X for the fiscal year ended June 30, 2018, in accordance with government auditing standards. The objective of the audits was to determine that the district expended Measure Q and Measure X General Obligation Bond funds only for the purposes approved by the voters and on projects developed by the Board. The 2017/18 Measure Q General Obligation Bonds Annual Independent Performance Audit and 2017/18 Measure X General Obligation Bonds Annual Independent Performance Audit were received and reviewed by the CBOC on November 15, 2018. The 2017/18 Performance Audits concluded that:

Fresno Unified expended Measure Q funds only for the specific projects developed by the Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by the California Constitution.

Fresno Unified expended Measure X funds only for the specific projects developed by the Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by the California Constitution.

Required Annual Independent Financial Statements Audit

The district's independent auditor, Crowe Horwath, conducted financial statements audits for Measure Q and Measure X for the fiscal year ended June 30, 2018. District management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards; the auditor's responsibility is to express an opinion on the financial statements

based on the audit. The 2017/18 Measure Q General Obligation Bonds Annual Independent Financial Statements Audit and 2017/18 Measure X General Obligation Bonds Annual Independent Financial Statements Audit were received and reviewed by the CBOC on November 15, 2018. It is the opinion of the independent auditor that:

Fresno Unified's 2017/18 financial statements present fairly, in all material respects, the financial position of Measure Q bond activity and the changes in financial position.

Fresno Unified's 2017/18 financial statements present fairly, in all material respects, the financial position of Measure X bond activity and the changes in financial position.

Elective Quarterly Reports on Applying Agreed-Upon Procedures

In addition to the required annual, independent performance and financial audits, the district also engaged Crowe Horwath to conduct Quarterly Reports on Applying Agreed-Upon Procedures for bond funds for the periods July 1-September 30, 2017; October 1-December 31, 2017; and January 1-March 31, 2018. These quarterly audit reports, which exceed the State Constitutional requirement, are received, reviewed and accepted by the CBOC and represent the district's commitment to transparency and accountability. The quarterly audit procedures involve selecting a sample of 25 expenditures across all projects, vendors and expenditure amounts, and evaluating the expenditures against purchase orders and invoices. There were no audit findings; every 2017/18 Quarterly Report on Applying Agreed-Upon Procedures included the following statement by the independent auditor:

Each of the 25 expenditures tested represented valid bond expenditures, were properly charged to the location indicated, were properly coded as to the nature of the expenditure and were determined to represent acquisition and construction of school facilities, including the furnishing and equipping of school facilities, and were not spent for administrative salaries.

Measure Q / X Project Updates

The projects described below were in design or construction during 2017/18.

School Construction and Modernization

- Addams Elementary: Design underway for regular and early learning classrooms and administration building to replace portables and improve campus access and safety
- Adult Transitions Program: Modernization project completed
- Bullard High: Two classroom buildings, expanded quad, new administration building, expanded library/career center, expanded parking lot and renovated play fields are complete
- Cafeteria Air Conditioning: AC has been installed at Computech, Fremont, Fort Miller, Pyle and Yosemite; projects are in design for Cooper, Dailey, Gibson, Holland, Manchester, Roeding, Viking and Vinland; projects for the remaining schools will continue through early 2020
- Columbia Elementary: Design underway for classroom building to replace portables and enhance campus supervision and safety

- Del Mar Elementary: Design underway for new classroom building and renovated/relocated library and administration building for campus access and safety
- Duncan High: New facilities for construction and heavy diesel engine repair programs, and modernization of automotive, manufacturing and welding shops, are nearing completion.
- Ericson Elementary: Design underway for new classroom building and kindergarten building
- Ewing Elementary: Design underway for new classroom building and kindergarten building
- Figarden Elementary: Construction of third new classroom building targeted for December 2018 completion
- Fresno High Gym Air Conditioning: Construction completion expected in November 2018
- Fresno High Royce Hall: Interior improvements completed in August 2018
- High School Baseball and Softball Improvements: Field reconstruction is underway at McLane and Roosevelt; improvements at Bullard, Edison and Sunnyside are in design
- Hoover High: Conceptual project development/design underway for library and administration office improvements; electrical infrastructure replacement project complete
- Juan Felipe Herrera Elementary School: Design underway for a new elementary school on Church between Peach and Willow
- McLane High School: Quad improvements are nearing completion
- Phoenix Secondary: Master-planned portable campus is in design.
- Roosevelt High: Conceptual project development underway for modernization of cafeteria, library, auditorium, administration office, East/West Halls and science building
- Slater Elementary: Construction underway on kindergarten and regular classroom buildings to replace portables and unusable classrooms due to high voltage power lines; improvements to main building with improved access and security in administration office were completed in October 2018
- Wawona Middle School: Building expansion for K-8 Dual Immersion conversion and site security improvements are in design

Other Facility Improvement Projects

- Air Conditioning/Heating: Kings Canyon hydronic piping, Terronez Gym, Hoover cooling tower, Education Center cooling tower
- Gym Bleacher Replacement: Hamilton
- Gym Locker Replacement: Ahwahnee, Duncan
- Gym Floor Renovation: Sunnyside High practice gym
- Gym Scoreboards: Fresno High
- Hydration Stations: All Middle and High Schools
- Irrigation/Water Conservation Improvements: Projects in design for Duncan High, Ericson Elementary, Fort Miller Middle, Jefferson Elementary, Kings Canyon Middle, Kratt Elementary, Pyle Elementary and Tenaya Middle
- Lighting, Exterior LED: 20 elementary schools completed
- Marquees: Addams, Anthon, Ayer, Balderas, Easterby, Lincoln, McCardle, Powers, Edison

- Painting: Aynesworth, Cambridge, Centennial, Chavez Adult School, Cooper, Forkner, Gibson, Lowell, Mayfair, McCardle, Muir, Phoenix Elementary, Rowell, Turner, Viking, Webster
- Paving/Play court Renovation: Heaton, Powers
- Playground Equipment: Bethune, Columbia, Jefferson, Kirk, Lane, Storey, Wawona, Wilson
- Public Address/Signal Systems: Ericson, Ewing, Holland, Homan, Phoenix Elementary, Wolters
- Roofing: Heaton, Roeding, Tehipite, Tenaya, Wawona
- Security Cameras: Projects in design to provide high definition security cameras at all elementary schools
- Science Labs: Eye wash and body showers at Middle and High Schools

Measure Q / X Financial Update

As of June 30, 2018	Measure Q (millions)	Measure X (millions)	Total 2017/18
TO DATE			
Local funds expended and committed to projects	\$256	\$40	\$296
State/federal funding leveraged	\$61	\$0	\$61
Total value of projects	\$317	\$40	\$357
FUTURE			
Available for projects in design/construction and future projects	\$24	\$185	\$209
State funds approved but not yet received	\$14	\$3	\$17
State funds applied for but not yet approved	\$9	\$12	\$21

Affirmation of Compliance with State Constitution

As validated by the following documents, which have been reviewed and accepted by the Citizens' Bond Oversight Committee, it is confirmed that Fresno Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution:

- Measure Q General Obligation Bonds Annual Independent Performance Audit
- Measure Q General Obligation Bonds Annual Independent Financial Statements Audit
- Measure Q Quarterly Reports of Agreed-Upon Procedures
- Measure X General Obligation Bonds Annual Independent Performance Audit
- Measure X General Obligation Bonds Annual Independent Financial Statements Audit
- Measure X Quarterly Reports of Agreed-Upon Procedures

Fresno Unified School District is grateful to members of the Citizens' Bond Oversight Committee for their service.