



2020/21 BOND ANNUAL REPORT



This annual report, for the period July 1, 2020 through June 30, 2021, is presented on behalf of the Fresno Unified Citizens' Bond Oversight Committee in accordance with the Committee's Bylaws.

Bond Measure M

Measure M, approved by 60% of the voters in March 2020, authorizes the issuance of \$325 million in general obligation bonds to support projects that:

- increase safety/security
- attract/retain teachers
- improve career education, technology, science classrooms
- remove lead/asbestos
- upgrade heating/air conditioning
- renovate, repair, construct, acquire, equip facilities

The initial issuance of Measure M bonds, \$80 million, was completed in June 2021. The district has been successful in leveraging funding from the State Facility Program for career technical education (CTE) projects using Measure M as the required match. To date, the district has received \$3 million in State grant funds for CTE facilities at Duncan High School and an additional \$9.3 million has been approved but not yet received, for CTE facilities at Edison and Sunnyside High Schools. There is an additional \$9.8 million in potential State funding for other Measure M projects. District projects continue to be designed and bid to meet State Facility Program requirements, to remain eligible for future funding opportunities.

Bond Measure X

Measure X, approved by 67% of the voters in November 2016, 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

All Measure X bonding authority has been utilized, in issuances listed below:

- Series A, May 2018, \$60 million
- Series B, August 2019, \$75 million
- Series C, September 2020, \$45 million
- Series D, June 2021, \$45 million

To date, \$5.1 million in State funding has been received for Measure X projects, \$1.9 million has been approved but not yet funded, and \$800,000 has been applied for but not yet approved. There is an additional \$15 million in potential State funding for other Measure X projects in construction and recently completed.

Bond Measure Q

Measure Q, approved by 76% of the voters in November 2010, authorized the issuance of \$280 million in general obligation bonds. All Measure Q bonds have been issued and the proceeds expended. Measure Q projects leveraged close to \$80 million in State funding.

Tax Rate Impact

Measures Q and X were structured to maintain the tax rate at the time of \$188.86 per \$100,000 of assessed valuation. The tax rate remained stable for eleven consecutive years through 2019/20, before increasing \$25 per \$100,000 of assessed valuation to support Measure M debt service.

State Proposition 39

The district's bond measures 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 Constitution of the State of California. 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 Chair, are appointed by the Board of Education. The Chair is appointed by the Superintendent. Each Board Member has two appointments. Committee 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 2020/21 were: Brian Andritch, Venancio Gaona, Inez Hill, Cal Johnson, Clint Horwitz, Michael Kelly, Arthur Koster, Michael Lopez, Jose Mejia, Timothy Mudge, Jim Nau, Bruce O'Neal, Dominic Papagni, and Barbara Steck (Chair). The CBOC is staffed by the district's Chief Operating Officer.

The CBOC's quarterly meetings are publicly noticed and held at the Brawley Service Center. 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 available on the district's website. In 2020/21: the August 20, 2020 CBOC meeting was cancelled due to pandemic restrictions; the November 19, 2020, February 18, 2021, and May 20, 2021 meetings were conducted virtually.

Annual and Quarterly Audits of Bond Projects and Bond Expenditures

The CBOC receives and reviews three types of audit reports, as described below. THIS SECTION TO BE UPDATED/FINALIZED AFTER THE NOVEMBER 18, 2021 MEETING.

Required Annual Independent Performance Audit

The district's independent auditor, Crowe Horwath, conducts annual performance audits for Measure Q and Measure X in accordance with government auditing standards. The 2020/21 Measure X General Obligation Bonds Performance Audit and 2020/21 Measure M General Obligation Bonds Performance Audit were reviewed and accepted by the CBOC on November 18, 2021. They state the following:

The results of our tests indicated that, in all significant respects, Fresno Unified School District expended Measure X General Obligation Bond funds for the year ended June 30, 2021 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

The results of our tests indicated that, in all significant respects, Fresno Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2021 only for the specific projects developed by the District's Board of Education and approved by the

voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Required Annual Independent Financial Statements Audit

The district's independent auditor, Crowe Horwath, conducts annual audits of the district's financial statements for Measure X and Measure M. 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 2020/21 Measure X General Obligation Bonds Financial Statements Audit and 2020/21 Measure M General Obligation Bonds Financial Statements Audit were reviewed and accepted by the CBOC on November 18, 2021. They state the following:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fresno Unified School District Measure X General Obligation Bonds activity as of June 30, 2021, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fresno Unified School District Measure M General Obligation Bonds activity as of June 30, 2021, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Elective Quarterly Reports on Applying Agreed-Upon Procedures

In addition to the required annual performance and financial audits, the district also engages Crowe Horwath to conduct Quarterly Reports on Applying Agreed-Upon Procedures for bond funds for the periods July 1-September 30, October 1-December 31, and January 1-March 31 each year. These quarterly reports, which exceed the State Constitutional requirement, are reviewed 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. All 2020/21 Quarterly Reports on Applying Agreed-Upon Procedures for Measure X and Measure M included the following statements by the independent accountant:

The list was mathematically accurate.

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.

In 2020/21, and for at least the eleven years prior, there were no findings in any bond audit reports.

Bond-Funded Projects

The CBOC received project updates throughout the year. The projects described below were in design or construction, or recently completed, during 2020/21.

New Construction and Modernization Projects (by school)

- Addams Elementary: Construction underway on early learning classrooms and relocation of administration building/entry to improve campus access and safety; anticipated project completion Summer 2023
- Columbia Elementary: Construction underway on classroom building to replace portables and enhance campus safety; anticipated completion Summer 2022
- Del Mar Elementary: Project in design to provide new early learning classroom building and renovated/relocated library and administration building for campus access and safety; a separate project in design (with air conditioning) will replace the cafeteria built in 1947
- Duncan High: Construction underway on 10-classroom CTE building for Health Sciences and Medical Technology program; anticipated project completion August 2022
- Edison High: Construction underway on new second gym with anticipated project completion August 2022; locker room remodel in design; construction of cafetorium acoustic improvements for music ready to advertise for bidding with recommendation for Board award targeted for April 2022
- Ericson Elementary: Reconstruction of cafeteria built in 1960, with air conditioning, is in design
- Ewing Elementary: Construction underway on new classroom building and site improvements, with anticipated completion early 2022
- Francine and Murray Farber Educational Campus: New alternative education/CTE campus on the northern part of the Ventura and 10th site is in the bidding process; recommendation to Board for approval of a contraction contract is targeted for February 2022
- Fresno High: CTE building to house Building and Construction Trades, Architecture and Engineering, and Arts, Media and Entertainment programs is substantially complete with students move-in scheduled for December 2021; design development underway for second gym and two-story cafeteria
- Hoover High: Library renovation/expansion project is ready to advertise for bidding; recommendation for Board award targeted for May 2022
- Jackson Elementary: Construction underway on new cafeteria with air conditioning; anticipated completion May 2022
- Juan Felipe Herrera Elementary School: Construction underway on new elementary school on Church between Peach and Willow; anticipated completion May 2022 for opening August 2022
- McLane High: Second gym and new tennis courts in design; library renovation complete
- Roosevelt High: Design development underway for second gym, theater and library renovation projects, and accessibility improvement to West Hall classroom building

- Ventura and 10th South Business Campus: Construction continues on Buildings C & D to provide interior and exterior improvements; anticipated project completion and move-in Summer 2022
- Yosemite Middle: Project in design to modernize classrooms and gym locker rooms, and update gym cooling

Other Facility Improvement and Safety Projects (by type of project)

- Accessibility/Site Improvement: Single point-of-entry projects are in design for Scandinavian, Tehipite, Tioga, and Wolters
- Audio Visual Systems: Cafeteria A/V system replacement underway at Balderas, Eaton, Greenberg, Lawless, Terronez, and Williams
- Air Conditioning/Heating: Hoover Cafeteria HVAC is complete; projects are underway or in design/bidding for Edison and Nutrition Center chiller and Sunnyside boiler
- Electrical Panel/Service Upgrades: Upgrade to Cooper main PG&E electrical service is complete
- Energy Management: Energy management system replacement is complete at Burroughs, Eaton, and Rowell
- Flooring: Cooper kitchen and cafeteria flooring is complete; Balderas cafeteria flooring replacement in design; carpet replacement in portables is planned or underway at Addicott, Burroughs, Fort Miller, Heaton, King, Vinland, Winchell, and Wolters
- Gym Bleachers: Ahwahnee, Computech, Cooper, Terronez, and Tioga projects are complete; Hoover project in design
- Gym Cooling: Hoover Event Center and west gym HVAC underway; Scandinavian gym, Yosemite gym and Ahwahnee locker room cooling upgrades planned
- Intrusion System Upgrades: Intrusion panel replacements underway at Columbia and Lawless; in design at Fresno High, Jefferson, Muir, Scandinavian, Slater, and Winchell
- Kitchen Hood Replacements: Bullard and Fresno High projects are in design
- LED Interior Lighting: Ft. Miller campus wide interior lighting project is complete
- Marquees: New marquees for Baird, Computech, Hoover, Sunnyside, and Tehipite underway; Terronez is in design
- Playground Equipment: New equipment installed Gibson, Thomas, Turner, Webster and Winchell
- Public Address/Signal Systems: Upgraded systems are in design or underway at Birney, Centennial, Computech, Cooper, Duncan, Gibson, Kirk, Lincoln, Muir, Patino, Pyle, Sequoia, Terronez, Vinland, and Webster
- Roof Replacement: Re-roofing projects are in design for Hidalgo and Scandinavian
- Security Camera Systems: Hamilton and Wawona projects are complete; pool camera additions are in design for Bullard, Fresno High, Roosevelt, and Sunnyside
- Student Support Services Spaces: Cooper, DeWolf, and McCardle are in design
- Track and Field Bleachers: Bleacher systems are installed at Fresno High and Roosevelt
- Track Surfacing: McLane and Sunnyside are complete

Measure X / M Financial Update

| As of June 30, 2021 | Measure X (millions) | Measure M (millions) | Total (millions) |
|---|---------------------------------|---------------------------------|-----------------------------|
| TO DATE | | | |
| Local funds expended and committed to projects | \$214 | \$29 | \$243 |
| State funding leveraged | \$5 | \$3 | \$8 |
| Total value of projects | \$219 | \$32 | \$251 |
| | | | |
| FUTURE | | | |
| Available for projects in design/construction and future projects | \$11 | \$296 | \$307 |
| State funds approved but not yet received | \$2 | \$9 | \$11 |
| State funds applied for but not yet approved | \$1 | \$0 | \$1 |

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 Section 1(b)(3)(C) of Article XIII A of the California Constitution:

- Measure M General Obligation Bonds Annual Independent Performance Audit
- Measure M General Obligation Bonds Annual Independent Financial Statements Audit
- Measure M 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