



## 2022/23 BOND ANNUAL REPORT



This annual report, for the period July 1, 2022 through June 30, 2023, 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 \$17.3 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 \$19.4 million has been applied for but not yet approved. There is an additional \$6.7 million in potential State funding for other Measure X projects in construction and recently completed.

### **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 2022/23 were: Brian Andritch, Venancio Gaona, Annaliese Herms, Clint Horwitz, Cal Johnson, Lourdes

Medina, Timothy Mudge, Jim Nau, Bruce O’Neal, Barbara Steck (Chair) and Pablo Villagrana. 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. During 2022/23, meetings were held on August 18, 2022, November 17, 2022, February 17, 2023, and May 18, 2023. The May meeting was held at Duncan Polytechnical High School – CTE Building. A tour was conducted of the building.

### **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, conducts annual performance audits for Measure Q and Measure X in accordance with government auditing standards. The 2022/23 Measure X General Obligation Bonds Performance Audit and 2022/23 Measure M General Obligation Bonds Performance Audit were reviewed by the CBOC on November 16, 2023. 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 period July 1, 2022 to June 30, 2023 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 period July 1, 2022 to June 30, 2023 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 2022/23 Measure X General Obligation Bonds Financial Statements Audit and 2022/23 Measure M General Obligation Bonds Financial Statements Audit were reviewed by the CBOC on November 16, 2023. 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, 2023, 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, 2023, 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 2022/23 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 2022/23, and for at least the thirteen 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 2022/23.

#### **New Construction and Modernization Projects (by school)**

- **Addams Elementary:** Construction is currently underway on the new early learning classrooms and the relocation of the administration building/entry to improve campus access and safety; anticipated project completion April 2024

- Birney Elementary: Development of a new early learning classrooms and relocation of the office to support campus safety and access control; is currently in conceptual design phase
- Bullard High: Add HVAC to the North and South gyms. Project design phase is complete and currently being scheduled for bidding. Project is anticipated to be completed end of year 2024. Security fencing and single point of entry project is currently in design. Anticipated completion of construction August 2024.
- Columbia Elementary: Construction complete, new 12 classroom building, parking lot, playground structure, replacement and refurbishment of existing portable classrooms and landscape; project completed August 2022
- Calwa Elementary: Site access control; currently in conceptual design phase
- Cooper Middle: Development of access control and modernization of administration building; in conceptual review
- Del Mar Elementary: New 7 classroom building early learning classroom building and renovated/relocated library and administration building, and complete reconstruction of cafeteria built in 1947 is underway with targeted completion April 2025
- Duncan High: Construction complete on 10-classroom CTE building for Health Sciences and Medical Technology program and is in the close out stage.
- Edison High: Construction is complete on the new second gym, connecting vestibule and student study/support spaces, occupied August 2022: Renovation of cafetorium acoustic and stage improvements completed February 2023.: Construction of the new two story CTE building is underway with a targeted completion of end of summer 2024: Locker room modernization design is complete, project is anticipated to start August 2024.
- Ericson Elementary: Modernization of cafeteria built in 1960, with air conditioning, is currently out to bid with an anticipated start date of December 2022 and targeted for completion August 2024
- Ewing Elementary: New construction of early learning classroom building, parking lot, drop off and pick up, landscaping, and access control, completed May 2022
- Francine and Murray Farber Educational Campus: New 2 story, Academic/Administration building with 36 classrooms for eLearn, JE Young, and Cambridge, 3 early learning classrooms and student union with 1 CTE Logistics classroom located on the northern half of Ventura and 10<sup>th</sup>, is under construction with anticipated completion June 2024
- Francine and Murry Farber South Business Campus: Modernization of Buildings C & D interior and exterior improvements, parking lots, access and ADA improvements, were substantially complete September 2022, improved facilities will house, A4, Special Education, and E L Services: The new Professional development building was successfully bid, project scheduled to be completed December 2024.
- Fresno High: DSA approval for Second Gym is complete, architect working on exterior finishes and constructability and prepping for bid, anticipated board award. The design for tennis court expansion is complete. Design for two-story cafeteria replacement currently in design.
- Holland Elementary: Access control and Administration Mod currently in the conceptual design phase

- Hoover High: Library renovation/expansion and student support spaces project is under construction with anticipated completion end of December 2023
- Jackson Elementary: New cafeteria, shade structure, and access control completed August 2022.
- Juan Felipe Herrera Elementary: Construction completed and opened August 2022
- McLane High: Second gym and new tennis courts design complete; library renovation complete
- MPR HVAC Upgrades Centennial, Scandinavian Wishon and Daily Elementary: Centennial, Scandinavian and Wishon are complete. Daily is in planning/conceptual design.
- Roeding Elementary: Relocation of administration staff for access control and modernization of new social emotional support spaces. Design is complete and project construction is anticipated to start and be anticipated completion end of year 2024
- Roosevelt High: Projects are currently being prepped for phased bidding to limit impact to site, interim housing for office mod nearing completion. DSA approved designs for theater sound and accessibility improvements, administration utilization improvements, library modernization, and accessibility improvement to West Hall are complete, board award scheduled February 2024. Second Gym design is complete and DSA approved, project scheduled to start February 2026.
- Sunnyside High: New Health Sciences and Medical Technology CTE pathway building design complete and ready to bid November 2022 with anticipated completion end of year 2024.
- Tehipity Middle: E-Sports arena design is complete. Project bid was over budget. Redesign in progress to work with IT and CTE to expand scope beyond esports and include multi-purpose technology hub .
- Yosemite Middle School: Project to modernize existing 8 classrooms, campus wide fire alarm and intrusion system is complete and in the close out stage.

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

- Accessibility/Site Improvement: Access improvements are complete at Tenaya: Scandinavian, Tehipite, Tioga, and Wolters are in design. Assessments are being conducted district-wide for a comprehensive access control program
- Audio Visual Systems: Cafeteria A/V system replacement at Burroughs, Centennial, Sunset, Ahwahnee and Scandinavian Middle School are complete: (20) elementary and middle schools are in design
- Air Conditioning/Heating: Hoover Cafeteria, Edison, Edison Computech, Ft. Miller, and Sunnyside Training Room are complete
- Electrical Panel/Service Upgrades: Upgrade to Cooper main PG&E electrical service and Duncan electrical panel upgrade are complete
- Exterior Paint: Ayer, Columbia, Fremont, Hamilton, Storey, Vinland are complete, with Edison High in progress
- Flooring: Carpet replacement in portables is complete or underway at Burroughs, Fort Miller, Heaton, King, Vinland, Winchell, and Wolters: Carpet projects in planning are Addams, and Leavenworth
- Gym Cooling: Hoover Event Center and Gymnasium/Locker Room/Music Building HVAC Upgrade/Replacement are complete

- Intrusion System Upgrades: System upgrades Calwa, Kirk, Jefferson, Muir, Storey and Winchell elementary schools, Scandinavian middle school, Bullard and Fresno High are complete with (10) additional sites in the bidding process: (40) more are in planning
- LED Lighting Upgrades: Hoover exterior lighting and Fresno High pool lighting are complete.
- Marquees: New marquees for Bakman, Baird, Burroughs, Computech, Duncan, Hoover, Sunnyside, Tehipite, Terronez, and Winchell are complete: Ayer, Gibson, Hamilton, Tatarian, Tioga are in design
- Playground Replacements: Burroughs and Sunset are in design, with Kratt in the planning stage
- Public Address/Signal Systems: Ahwahnee, Lane, Scandinavian, and Tenaya, are complete with an additional (10) sites in the planning stage
- Pool Heater: Bullard High Pool Heater Replacement is near completion.
- Athletic Scoreboards: Fresno High and Hoover High Scoreboards are in design.
- Security Camera Systems: Fresno High, Hamilton, Hoover, Sunnyside and Wawona projects are complete: Duncan, McLane, and Roosevelt are underway: An additional (27) sites are in design

### Measure X / M Financial Update

As of June 30, 2023	Measure X (millions)	Measure M (millions)	Total (millions)
TO DATE			
Local funds expended and committed to projects	\$216	\$136	\$352
State funding received	\$8	\$13	\$21
Total value of projects	\$224	\$149	\$373
FUTURE			
Available for projects in design/construction and future projects	\$9	\$189	\$198
State funds approved but not yet received	\$0	\$4	\$4
State funds applied for but not yet approved	\$26	\$0	\$26

### Affirmation of Compliance with State Constitution

As validated by the following documents, which have been reviewed 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