

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

February 20, 2019
5:00 PM
Vernon Middle School



MEASURE K CITIZENS' BOND OVERSIGHT COMMITTEE

Ontario-Montclair School District

**February 20, 2019
5:00 PM
Vernon Middle School**

AGENDA

- I. Opening:**
 - A. Roll Call
 - B. Welcome & Tour of the Wellness, Arts and Technology Center
- II. Election of Officers and Terms:**
 - A. Chair
 - B. Vice Chair
 - C. Member Terms (Supporting Information)
 - a. Minimum of two members to serve one-year term
 - b. Maximum of five members to service two-year term
- III. February 1, 2018 Meeting Minutes**
- IV. Presentations and Reports:**
 - A. Measure "K" Citizens' Bond Oversight Committee Report-Craig Misso
 - B. Building Fund (Measure K) Financial and Performance Audit; Prepared by Vavrinek, Trine, Day & Co., LLP - Vanessa Eastland
 - C. Measure K Project Expenditure and Encumbrance Report - Vanessa Eastland
- V. Citizens' Bond Oversight Committee Annual Report: Approval**
 - A. 2018-2019 Measure K Citizens' Bond Oversight Committee Annual Report
- VI. Public Participation:**
- VII. Member Comments:**
- VIII. Next Meeting:**
- IX. Adjournment**

ONTARIO-MONTCLAIR SCHOOL DISTRICT
Ontario, California

December 13, 2018

TO: President, and Board of Trustees

FROM: James Q. Hammond, Superintendent

SUBJECT: Appointment of Measure "K" Citizens' Bond Oversight Committee (CBOC) Members: Judith E. Jasper (Senior Citizen Organization) and Christine Pangelinan (At-Large) and Reappointment of CBOC Members: Bertha Diaz, Crisol Mena, G. Michael Milhiser, Sergio Sahagun Sr., and Daryl Vollrath

REQUESTED ACTION

Appointment of Measure "K" Citizens' Bond Oversight Committee (CBOC) members: Judith E. Jasper (Senior Citizen Organization) and Christine Pangelinan (At-Large) and reappointment of CBOC members: Bertha Diaz, Crisol Mena, G. Michael Milhiser, Sergio Sahagun Sr., and Daryl Vollrath.

BACKGROUND INFORMATION

On January 19, 2017, the Board of Trustees approved Adoption of Resolution 2016-17-18, Establishing an Independent Citizens' Bond Oversight Committee (CBOC) and Bylaws for Measure K Bond. On April 6, 2017, the Board appointed seven members to serve up to three consecutive two year terms. Resignations were received from CBOC members Mathew Melendrez (At-Large) and Sandra Escamilla (Active Senior Citizen's Organization).

In accordance with the CBOC Bylaws, the CBOC is to consist of a minimum of seven (7) members. The following was completed in soliciting for the replacement members.

- Advertised in the Daily Bulletin newspaper
- Posted a notice on the District website
- Posted a notice at all District schools
- Posted a notice at the Ontario and Montclair Libraries
- Sent a community notice through Constant Contact
- Invited CBOC non-selected applicants on file

Three applications were received and screened by a CBOC recommendation panel. After review, the selection panel is recommending the appointment of Judith E. Jasper (Senior Citizen Organization) and Christine Pangelinan (At-Large). Under the bylaws, COC members may serve up to three consecutive two-year terms. The remaining sitting CBOC members are recommended for reappointment.


A summary of recommended appointments/reappointments by position is provided below.

Appointment of Measure "K" Citizens' Bond Oversight Committee (CBOC) members: Judith E. Jasper (Senior Citizen Organization) and Christine Pangelinan (At-Large) and reappointment of CBOC members: Bertha Diaz, Crisol Mena, G. Michael Milhiser, Sergio Sahagun Sr., and Daryl Vollrath
December 13, 2018

Name	At -Large (2 min)	Active Community Business Owner (1 min)	Active Senior Citizen's Organization Member (1 min)	Active Bona-Fide Taxpayers Associate Member (1 min)	Parent Active in a Parent-Teacher Organization (1 min)	Parent (1 min)
Bertha Diaz**						✓
Judith E. Jasper *			✓			
Crisol Mena**					✓	
G. Michael Milhiser**	✓					
Christine Pangelinan*	✓					
Sergio Sahagun Sr.**		✓				
Daryl Vollrath**				✓		

* - Appointment ** - Reappointment

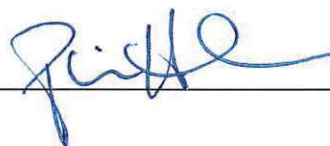
Prepared by: Phil Hillman, Chief Business Official



FINANCIAL IMPLICATIONS

None.

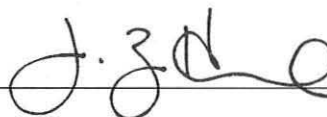
Reviewed by: Phil Hillman, Chief Business Official



SUPERINTENDENT'S RECOMMENDATION

The Superintendent recommends the Board approve the appointment of Measure "K" Citizens' Bond Oversight Committee (CBOC) members: Judith E. Jasper (Senior Citizen Organization) and Christine Pangelinan (At-Large) and Reappointment of CBOC members: Bertha Diaz, Crisol Mena, G. Michael Milhiser, Sergio Sahagun Sr., and Daryl Vollrath.

Approved by: James Q. Hammond, Superintendent



MEASURE "K"

CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC)

Ontario-Montclair School District

	Term Expiration:	
	<u>Current</u>	<u>Third Term</u>
<u>Members</u>		
Mathew Melendrez (At-Large Member) - Chair	Apr 2018	Apr 2022
Crisol Mena (Parent Active in a PTA Member) – Vice Chair	Apr 2019	Apr 2023
Bertha Diaz (Parent Member)	Apr 2019	Apr 2023
Michael Milhiser (At-Large Member)	Apr 2019	Apr 2023
Daryll Volrath (Taxpayers Associate Member)	Apr 2019	Apr 2023
Sandra Escamilla (Senior Citizen's Organization Member)	Apr 2018	Apr 2022
Sergio Sahagun (Community Business Owner Member)	Apr 2018	Apr 2022

MEETING MINUTES

INITIAL MEETING

February 1, 2018

Homer F. Briggs Education Center
Conference Room B1

- I. **Introductions/Welcome:** Craig Misso called the meeting to order at 5:05 p.m. District staff and CBOC members went around the table and introduced themselves.
Members present: Mathew Melendrez, Bertha Diaz, Daryll Volrath, Sandra Escamilla, and Sergio Sahagun.
Members absent: Crisol Mena, G. Michael Milhiser.
OMSD staff present: Phil Hillman, Craig Misso, Justin Spencer, Cindy Coats, and Olivia Ramos (interpreter).
Others present: None.
- II. **Public Participation:** No community members other than Citizens' Bond Oversight Committee (CBOC) members were present.
- III. **Approval of Meeting Minutes:**
 Meeting minutes for the July 27, 2018 CBOC meeting were reviewed by the members present. Sergio Sahagun made a motion to approve the minutes and Daryll Volrath seconded. The motion passed 5 – 0.
- IV. **Presentation:**
 - A. Measure K General Obligation Bond Citizens' Bond Oversight Committee Report.
 Craig Misso presented on the status of various Measure K projects recently completed, currently under construction, and planned under the Series A bond issue. Projects noted in the report included fire alarm, plumbing and water/gas line

infrastructure replacement and perimeter fencing, drinking fountain, and security system/CCTV camera upgrades. Also presented was the scope and timeline for the Health & Learning Centers planned at De Anza and Vernon middle schools and seismic retrofitting of Central Language Academy, Euclid Elementary School. Bertha Diaz inquired as to why Vina Danks Middle School was not included in this phase. Crain Misso provided information relative to the seismic upgrade project planned at Vina Danks to either retrofit or replace Building B was underway and would need to be completed before the Health & Learning Center project could commence. Sandra Escamilla inquired as to why the perimeter fencing being installed was chain link rather than wrought iron. Craig Misso shared the decision was due to cost. Sergio Sahagun inquired as to what type of materials used in the schools' original plumbing and what type will be installed under the new work. Craig Misso provided the existing materials were typically either galvanized and copper and the new work would be copper inside the classrooms and PVC for exterior piping.

- B. Building Fund (Measure K) Financial & Performance Audit. Prepared by Vavrinek, Trine, Day & Co., LLP (VTD). Jordan Aquino and Justin Spenser presented on the financial and performance audit report prepared by VTD
- C. 2017-18 Measure K Project Expenditure & Encumbrance Report. Jordan Aquino and Justin Spenser presented on the expenditures and encumbrances made from inception to January 24, 2018.
- D. 2017-18 CBOC Annual Report. Craig Misso presented the 2017-18 CBOC Annual Report findings. Sergio Sahagun asked if there had been any major audit findings in any of the District's past audit reports, for the building program or District. Jordan Aquino indicated that there has not been.

V. Approval of Annual Report:

CBOC members present reviewed the 2017-18 CBOC Annual Report. Bertha Diaz made a motion to approve the minutes and Sandra Escamilla seconded. The motion passed 5 - 0.

VI. Members Comments:

Bertha Diaz complemented the superintendent Hammond on his efforts to include parents in gathering information regarding District programs and activities.

- VII. Future Meetings:** The next regular meeting of the Citizens' Bond Oversight Committee is tentatively scheduled for mid-October 2018 at a TBD school site to observe the construction progress of a Health & Learning Center and January 2018/February 2019 for the annual meeting at the Homer F. Briggs Education Center, Conference room B1.

- VIII. Adjournment:** Sandra Escamilla motioned to adjourn the meeting and Daryll Volrath seconded. The motion passed 5 - 0. The meeting adjourned at 6:15 PM.

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

February 20, 2019

Committee Members

Bertha Diaz ~ Judith Jasper ~ Crisol Mena ~ Michael Milhiser ~ Christine Pangelinan ~ Sergio Sahagun ~ Daryl Vollrath

Measure K Bond Overview

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. On February 7, 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*



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 Projects Completed

► Fire Alarm Upgrades

► Bon View Elementary School

Replacement of the fire alarm system became necessary to ensure a safe environment remained for students and staff. To meet code compliance requirements a complete system, including replacement cabling, devices and communication panel was required. The project commenced and was completed during the summer of 2017.



Bon View ES

Measure K Projects Completed

► Office Entrance Modifications

► Mission Elementary School

For improved site security, the school's office entrance was relocated to provide access directly from the parking lot, rather than through the school's breezeway. Additional security fencing was added to ensure visitors enter the office before gaining entry into the school. The project was completed in October 2018.



Mission ES



Measure K Projects Completed

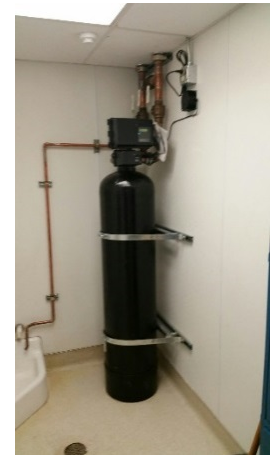
▶ Water/Gas Line Replacement Projects

- ▶ Haynes Elementary School (Phases I & II) water line replacement
- ▶ Howard Elementary School water & gas line replacement

These infrastructure replacement projects involved the replacement of the water lines serving the administration, and classroom buildings and Multipurpose (MPR) at Haynes ES and water and gas lines at Howard ES. Work commenced and was completed over the summer of 2017.



Howard ES



Haynes ES



Measure K Projects Completed

▶ Drinking Fountain Upgrades Districtwide

This project involves the upgrade/replacement of existing drinking fountains Districtwide. Based on age and accessibility code compliance requirements either the entire fountain or its aged components were replaced at all 32 District schools.



Euclid ES



El Camino Elementary School



Measure K Projects Completed

► Perimeter Fencing Upgrades

This project involves the replacement of existing perimeter fencing with 8' high fencing with tighter chain link fabric to make climbing more difficult. Black vinyl versus galvanized materials have been used for longer life and improved esthetics. Schools have been organized onto five groups with the first four groups, consisting of 22 schools, being completed during the 2017-18 school year.

Group I Schools

- Arroyo ES
- Central Lang. Academy
- Corona ES
- Euclid ES
- Lehigh ES
- Vineyard STEM

Group II Schools

- Bon View
- Buena Vista
- El Camino
- Elderberry
- Haynes

Group III Schools

- De Anza MS
- Edison ES
- Kingsley ES
- Montera ES
- Serrano MS
- Wiltsey MS

Group IV Schools

- Moreno ES
- Oaks MS
- Ramona ES
- Vernon MS
- Vina Danks MS



Euclid ES



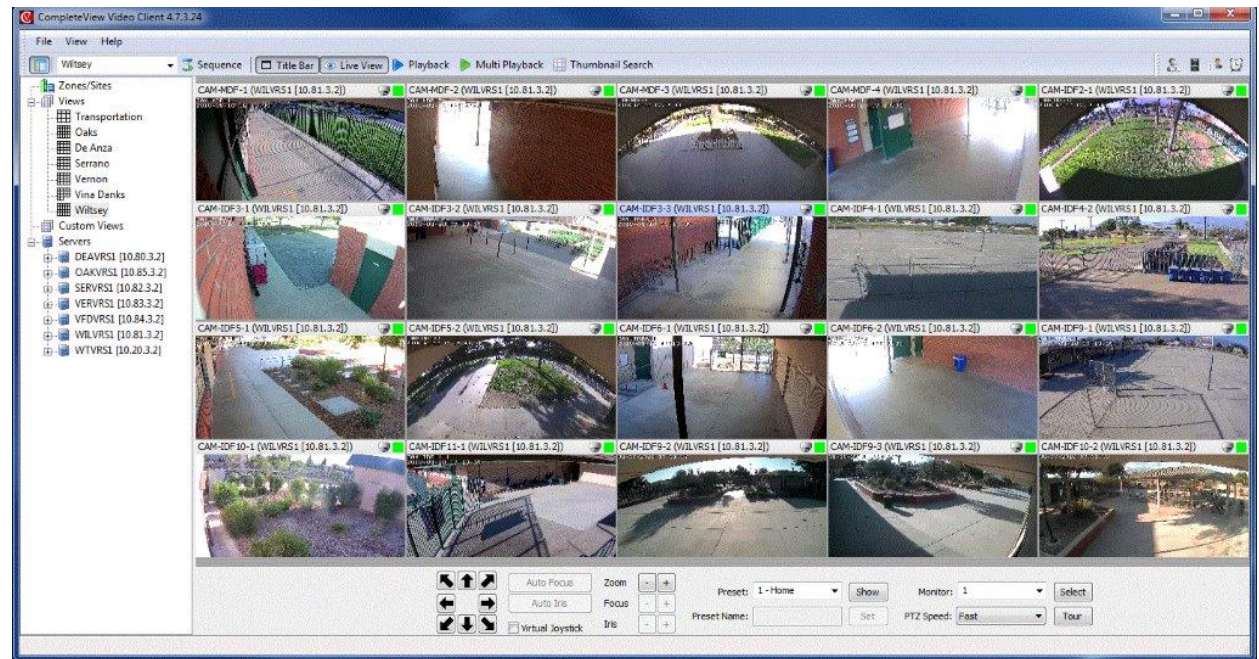
Moreno ES

Measure K Projects Completed

► Security Camera Upgrades

This project involved upgrading the closed circuit television (CCTV) security systems at the District's six middle schools. Improved campus monitoring and visibility was achieved by increasing the number of cameras locations and utilizing state-of-the-art camera technology. Project was completed in October 2018.

- De Anza
- Oaks
- Serrano
- Vernon
- Vina Danks
- Wiltsey



Wiltsey MS

Measure K Projects Under Construction

► Wellness, Arts & Technology Centers

Construction of five middle school Wellness, Arts & Technology Centers is planned in support of the District's goal to ensure our students have equal access to competitive 21st Century learning. Two of these facilities are under construction using Series A Bond proceeds and scheduled for completion August 2019. The facilities will include physical education, gyms, bleachers, multipurpose areas used for after-school programs, assemblies, sports, and performing arts.



De Anza MS

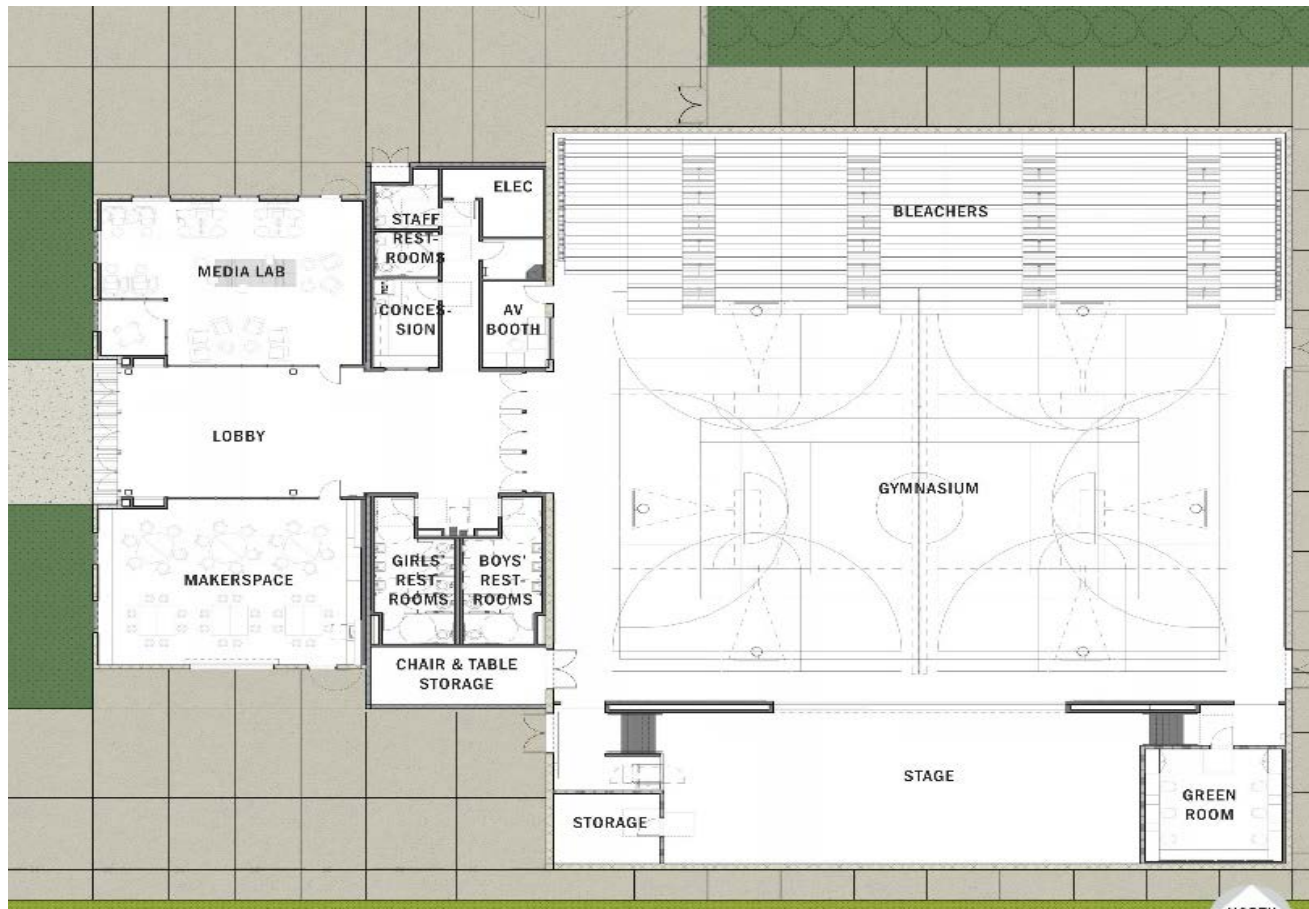


Vernon MS



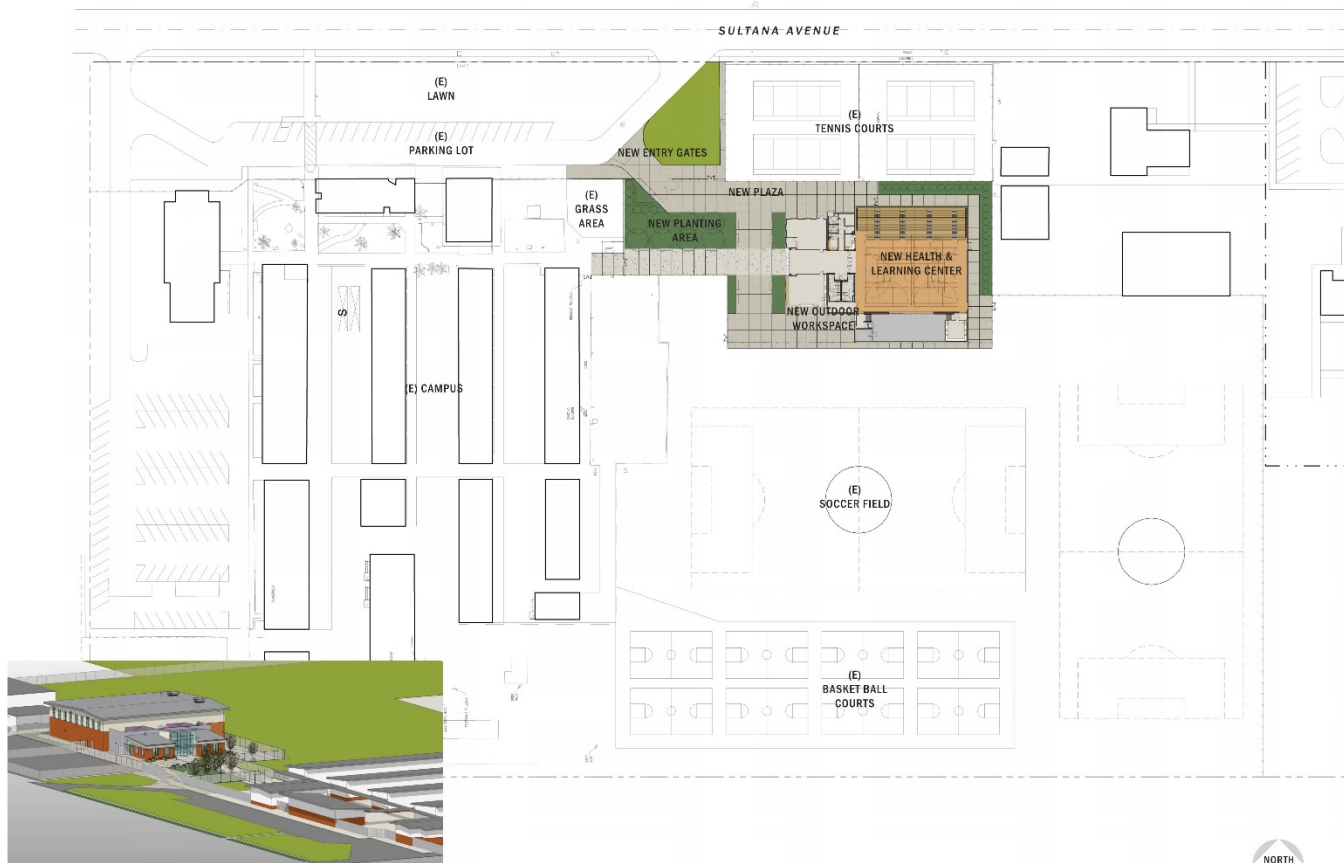
Measure K Projects Under Construction

► Wellness, Arts & Technology Centers



Measure K Projects Under Construction

► Wellness, Arts & Technology Center - De Anza



DE ANZA MIDDLE SCHOOL HEALTH AND LEARNING CENTER
1450 S. SULTANA AVENUE, ONTARIO, CALIFORNIA



SITE PLAN

DECEMBER 5, 2017

gkkworks

Measure K Projects Under Construction

- ▶ Wellness Arts & Technology Centers
 - ▶ De Anza Middle School



Measure K Projects Under Construction

- ▶ Wellness Arts & Technology Centers
 - ▶ De Anza Middle School



Measure K Projects Under Construction

► Wellness, Arts & Technology Center - Vernon MS



VERNON MIDDLE SCHOOL HEALTH AND LEARNING CENTER
9775 VERNON AVENUE, MONTECLAIR, CALIFORNIA

SITE PLAN



DECEMBER 5, 2017 gkkworks

Measure K Projects Under Construction

- ▶ Wellness Arts & Technology Centers
 - ▶ Vernon Middle School



Measure K Projects Under Construction

- ▶ Wellness Arts & Technology Centers
 - ▶ Vernon Middle School



Measure K Projects Under Construction

▶ Seismic Retrofit

▶ Central Language Academy (CLA)

- Interim housing placed at campuses in July 2018
- Work involves seismic retrofitting of all permanent buildings
- Modernization work to be completed in conjunction with seismic project
 - HVAC replacement
 - New water & gas lines
 - Fire alarm upgrade
 - Administration building entrance modifications
- Completion of project estimated to be December 2019
- Construction of new parking lot planned following project



Measure K Projects Under Construction

▶ Seismic Retrofit

- ▶ Central Language Academy (CLA)
Interim Housing Completed July 2018



Measure K Projects Under Construction

► Seismic Retrofit

► Central Language Academy (CLA) Auditorium



Measure K Projects Under Construction

- ▶ Seismic Retrofit

- ▶ Central Language Academy (CLA) Classrooms



Measure K Projects Under Construction

▶ Seismic Retrofit

▶ Euclid

- Interim housing placed at campuses in July 2018
- Project began October 2018
- Work involves seismic retrofitting of all permanent buildings
- Modernization work to be completed in conjunction with seismic project
 - HVAC replacement
 - New water & gas lines
 - Fire alarm upgrade
 - Admin. building entrance modifications
- Completion of project estimated to be July 2019
- Playfield restoration planned following project



Measure K Projects Under Construction

► Seismic Retrofit

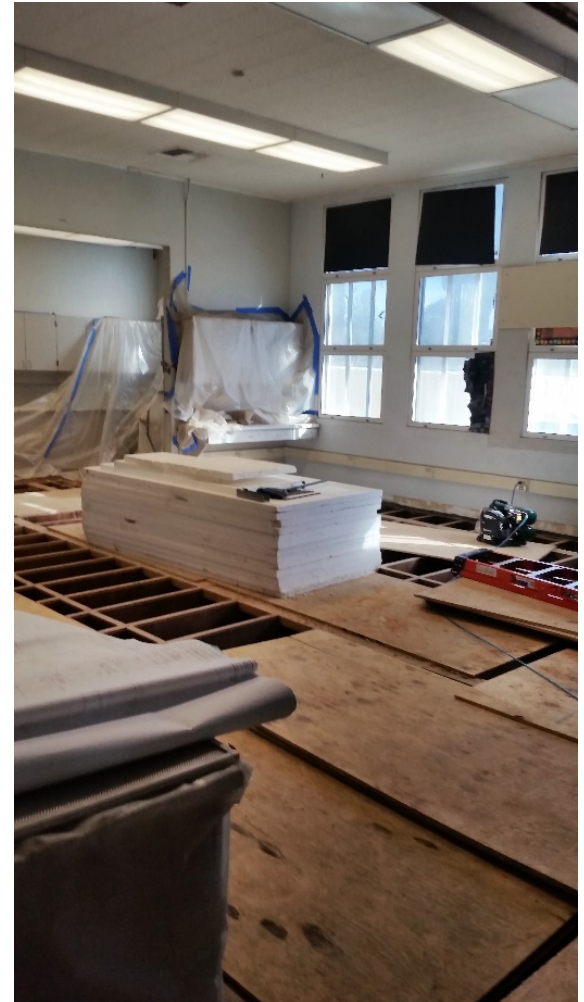
► Euclid

Interim Housing completed July 2018



Measure K Projects Under Construction

- ▶ Seismic Retrofit
 - ▶ Euclid Classrooms



Measure K Projects Under Construction

- ▶ Seismic Retrofit
 - ▶ Euclid Classrooms



Measure K Projects Under Design

▶ Seismic Retrofit Projects

▶ Serrano

- Work involves two permanent buildings (Bldg. E & MPR)
- Work to be completed over summer 2021

➤ Wiltsey

- Work involves two permanent buildings (Bldg. G & MPR)
- Work to be completed over summer 2021

➤ Vina Danks

- Work involves only one permanent building (Bldg. B)
- Design/work schedule to be determined



Measure K Projects Under Design

▶ Projects Under Design

▶ Perimeter fencing upgrades at Remaining 10 Sites (Phase V)

The following school are currently under design. Work is scheduled for completion by summer 2019.

- ▶ Berlyn
- ▶ Del Norte
- ▶ Hawthorne
- ▶ Howard
- ▶ Monte Vista
- ▶ Mission
- ▶ Lincoln
- ▶ Mariposa
- ▶ Sultana
- ▶ Vista Grande



Measure K Projects Under Design

- ▶ Projects Under Design

- ▶ Wellness, Arts & Technology Center

- ▶ Serrano
 - ▶ Wiltsey

- ▶ Fire Alarm Panel Upgrades at two schools

- ▶ De Anza
 - ▶ Vernon

- ▶ HVAC Replacement at three schools

- ▶ Berlyn (Bldg. B)
 - ▶ Lehigh
 - ▶ Vina Danks (Bldg. A)

- ▶ Water/Gas Line Replacements at Two Schools

- ▶ Kingsley
 - ▶ Lehigh
-



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

**Building Fund (Measure K) Financial &
Performance Audit. Prepared by Vavrinek, Trine,
Day & Co., LLP**

ONTARIO-MONTCLAIR SCHOOL DISTRICT

**BUILDING FUND (MEASURE K)
FINANCIAL AND PERFORMANCE AUDITS**

JUNE 30, 2018



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

December 11, 2018

Governing Board
Ontario-Montclair School District
Ontario, California

We have audited the financial statements of the Building Fund (Measure K) of the Ontario-Montclair School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated March 12, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ontario-Montclair School District are described in Note 1 to the financial statements.

We noted no transactions entered into by Ontario-Montclair School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates affecting the government-wide financial statements were:

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 11, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Ontario-Montclair School District's Building Fund (Measure K) financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ontario-Montclair School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the information and use of 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.

VAUGHN, TRINE, DAY & CO. LLP

Rancho Cucamonga, California
December 11, 2018

ONTARIO-MONTCLAIR SCHOOL DISTRICT

**BUILDING FUND (MEASURE K)
FINANCIAL AUDIT**

JUNE 30, 2018

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

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JUNE 30, 2018**

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Ontario-Montclair School District's (the District), Building Fund (Measure K), as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District's Building Fund (Measure K) preparation and fair presentation of the financial statements 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 Building Fund (Measure K) internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Building Fund (Measure K) of the Ontario-Montclair School District at June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure K, and are not intended to present fairly the financial position and changes in financial position of Ontario-Montclair School District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the District's Building Fund (Measure K) 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 to solely 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 District's Building Fund (Measure K) 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 District's Building Fund (Measure K) internal control over financial reporting and compliance.

VAUGHN, TRINE, RAY + CO. LLP

Rancho Cucamonga, California
December 11, 2018

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**BALANCE SHEET
JUNE 30, 2018**

ASSETS

Investments	\$	28,705,218
Accounts receivable		120,724
Total Assets	\$	28,825,942

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$	2,156,776
Due to other funds		10,089
Total Liabilities		2,166,865

Fund Balance:

Restricted for capital projects funds		26,659,077
Total Liabilities and Fund Balance	\$	28,825,942

The accompanying notes are an integral part of these financial statements.

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES

Interest income	\$ 405,863
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EXPENDITURES

Services and other operating expenditures	568
Architectural services	1,547,062
Inspection services	199,440
Soil testing	71,584
Capital outlay	
Land improvements	3,935,897
Building and improvements to buildings	1,426,508
Construction management	819,365
Total Expenditures	8,000,424

NET CHANGE IN FUND BALANCE	(7,594,561)
FUND BALANCE - BEGINNING	34,253,638
FUND BALANCE - ENDING	\$ 26,659,077

The accompanying notes are an integral part of these financial statements.

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 changes 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.

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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, 2018, 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.

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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 fair 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 \$28,705,218 with the San Bernardino County Treasury Investment Pool, with an average maturity of 353 days.

ONTARIO-MONTCLAIR SCHOOL DISTRICT

BUILDING FUND (MEASURE K)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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 AAAs/S1 by Fitch Ratings as of June 30, 2018.

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the San Bernardino County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements were as follows as of June 30, 2018:

Investment Type	Reported Amount	Uncategorized
San Bernardino County Treasury Investment Pool	\$ 28,705,218	\$ 28,705,218

All assets have been valued using a market approach, with quoted market prices.

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018, consisted of the following:

Interest	<u>\$ 120,724</u>
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NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund payables balance at June 30, 2018 was as follows:

A balance of \$10,089 is due to the County School Facilities Non-Major Governmental Fund from the Building Fund for the reimbursement of operating costs.

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consisted of the following:

Services	\$ 102,765
Capital outlay	<u>2,054,011</u>
	<u>\$ 2,156,776</u>

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2018, 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 - Modernization- (K003)	\$ 2,204	12/31/18
Berlyn - Modernization- (K004)	1,564	12/31/18
Bon View - Modernization- (K005)	5,964	12/31/18
Buena Vista - Modernization- (K006)	6,956	12/31/18
Central - Modernization- (K007)	67,136	12/31/18
Corona - Modernization- (K008)	900	12/31/18
De Anza - Modernization- (K009)	111,114	12/31/18
Del Norte - Modernization- (K010)	4,764	12/31/18
Edison - Modernization- (K011)	57,489	12/31/18
El Camino - Modernization- (K012)	13,712	12/31/18
Elderberry - Modernization- (K013)	10,664	12/31/18
Euclid - Modernization- (K014)	31,452	12/31/18
Hawthorne - Modernization- (K015)	600	12/31/18
Haynes - Modernization- (K016)	189,654	12/31/18
Howard - Modernization- (K017)	1,364	12/31/18
Kingsley - Modernization- (K018)	174,938	12/31/18
Lehigh - Modernization- (K019)	29,100	12/31/18
Lincoln - Modernization- (K020)	1,864	12/31/18
Mariposa - Modernization- (K022)	600	12/31/18
Mission - Modernization- (K023)	230,742	12/31/18
Monte Vista - Modernization- (K024)	600	12/31/18
Montera - Modernization- (K025)	165,365	12/31/18
Moreno - Modernization- (K026)	436,300	12/31/18
Oaks - Modernization- (K027)	165,612	12/31/18
Ramona - Modernization- (K028)	118,786	12/31/18
Serrano - Modernization- (K029)	81,371	12/31/18
Sultana - Modernization- (K030)	600	12/31/18
Vernon - Modernization- (K031)	297,678	12/31/18
Vina Danks - Modernization- (K032)	322,478	12/31/18
Vineyard - Modernization- (K033)	800	12/31/18
Vista Grande - Modernization- (K034)	85,200	12/31/18
Wiltsey - Modernization- (K035)	89,187	12/31/18
CCTV System Upgrades- (AF42)	95,000	01/01/19
De Anza - Health and Learning Center- (K001)	10,748,787	09/01/19
Vernon - Health and Learning Center- (K002)	10,751,148	09/01/19
Seismic Retrofit AB300- (AE96)	8,138,092	01/01/23
	<u>\$ 32,439,785</u>	

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

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Litigation

The District is not currently a party to any legal proceedings related to the Building Fund (Measure K) as of June 30, 2018.

INDEPENDENT AUDITOR'S REPORT



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**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, CA

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 Ontario-Montclair School District (the District) Building Fund (Measure K), as of and for the year ended June 30, 2018, and the related notes of the financial statements, and have issued our report thereon dated December 11, 2018.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measure K, and are not intended to present fairly the financial position and changes in financial position of Ontario-Montclair School District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Building Fund (Measure K) internal control over financial reporting (internal control) to determine 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 Building Fund (Measure K) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's Building Fund (Measure K) 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, significant deficiencies or material weaknesses. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ontario-Montclair School District's Building Fund (Measure K) financial statements are free of 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 determination of financial statement amounts. 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 Building Fund (Measure K) 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 Building Fund (Measure K) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

VAUZNER, TRINE, RY & CO. LLP

Rancho Cucamonga, California
December 11, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2018**

None reported.

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

There were no audit findings reported in the prior year's schedule of financial statement findings.

ONTARIO-MONTCLAIR SCHOOL DISTRICT

**BUILDING FUND (MEASURE K)
PERFORMANCE AUDIT**

JUNE 30, 2018

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**PERFORMANCE AUDIT
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JUNE 30, 2018**

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

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

We were engaged to conduct a performance audit of the Ontario-Montclair School District (the District) Building Fund (Measure K) for the year ended June 30, 2018.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our 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. 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.

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.

VAVRINEK, TRINE, DAY & CO. LLP

Rancho Cucamonga, California
December 11, 2018

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

JUNE 30, 2018

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 percent of the votes cast by eligible voters within the District (the 2016 Authorization). The bonds represent the first series of the authorized bonds to be issued under the 2016 Authorization.

PURPOSE OF ISSUANCE

The general obligation bond funds 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.

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

JUNE 30, 2018

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 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, 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, 2017 to June 30, 2018. 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, 2018, were not reviewed, or included within the scope of our audit or in this report.

ONTARIO-MONTCLAIR SCHOOL DISTRICT BUILDING FUND (MEASURE K)

JUNE 30, 2018

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1 2017 through June 30, 2018, for the Building Fund (Measure K). Within the fiscal year audited, we obtained the actual invoices 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 selected a sample of expenditures for the period starting July 1, 2017 and ending June 30, 2018, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$2,687,080. This represents 34 percent of the total expenditures of \$8,000,424.
3. We verified that funds from the Building Fund (Measure K) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

CONCLUSION

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

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

None reported.

**ONTARIO-MONTCLAIR SCHOOL DISTRICT
BUILDING FUND (MEASURE K)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

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

Measure K

Citizens' Bond Oversight Committee

Fiscal Presentation

February 20, 2019

Data as of December 31, 2018

Project Activity

School	Projects	Inception-to-Date
Arroyo	Drinking Fountains, Perimeter Fencing	\$ 301,271.50
Berlyn	Drinking Fountains	113,599.99
Bon View	Drinking Fountains, Perimeter Fencing, Fire Alarm	330,132.23
Buena Vista	Drinking Fountains, Perimeter Fencing	299,947.06
Central	Drinking Fountains, HVAC, Perimeter Fencing, Security Measures, Seismic Retrofit, Water/Gas Lines	7,912,820.38
Corona	Drinking Fountains, Perimeter Fencing	330,628.15
De Anza	Drinking Fountains, Perimeter Fencing, Security System	434,393.81
De Anza	Health and Learning Center	9,871,233.97
Del Norte	Drinking Fountains	105,274.68

Project Activity

School	Projects	Inception-to-Date
Edison	Drinking Fountains, Perimeter Fencing	207,794.63
El Camino	Drinking Fountains, Perimeter Fencing	523,900.97
Elderberry	Drinking Fountains, Perimeter Fencing	354,508.78
Euclid	Drinking Fountains, HVAC, Perimeter Fencing, Security Measures, Seismic Retrofit, Water/Gas Lines	6,496,394.48
Hawthorne	Drinking Fountains	41,243.81
Haynes	Drinking Fountains, Perimeter Fencing, Water Line	558,738.34
Howard	Drinking Fountains, Water/Gas Lines	531.610.52
Kingsley	Drinking Fountains, Perimeter Fencing, Water Line	316,410.16
Lehigh	Drinking Fountains, Perimeter Fencing, Water/Gas Lines	536,037.77

Project Activity

School	Projects	Inception-to-Date
Lincoln	Drinking Fountains	56,570.37
Mariposa	Drinking Fountains	31,689.24
Mission	Drinking Fountains	302,792.72
Monte Vista	Drinking Fountains	60,476.64
Montera	Drinking Fountains, Perimeter Fencing	405,404.71
Moreno	Drinking Fountains, Perimeter Fencing, Water/Gas Lines	610,587.51
Oaks	Drinking Fountains, Perimeter Fencing, Security System	440,631.92
Ramona	Drinking Fountains, Perimeter Fencing	581,613.41
Serrano	Drinking Fountains, Perimeter Fencing, Security System, Water/Gas Lines	600,511.23

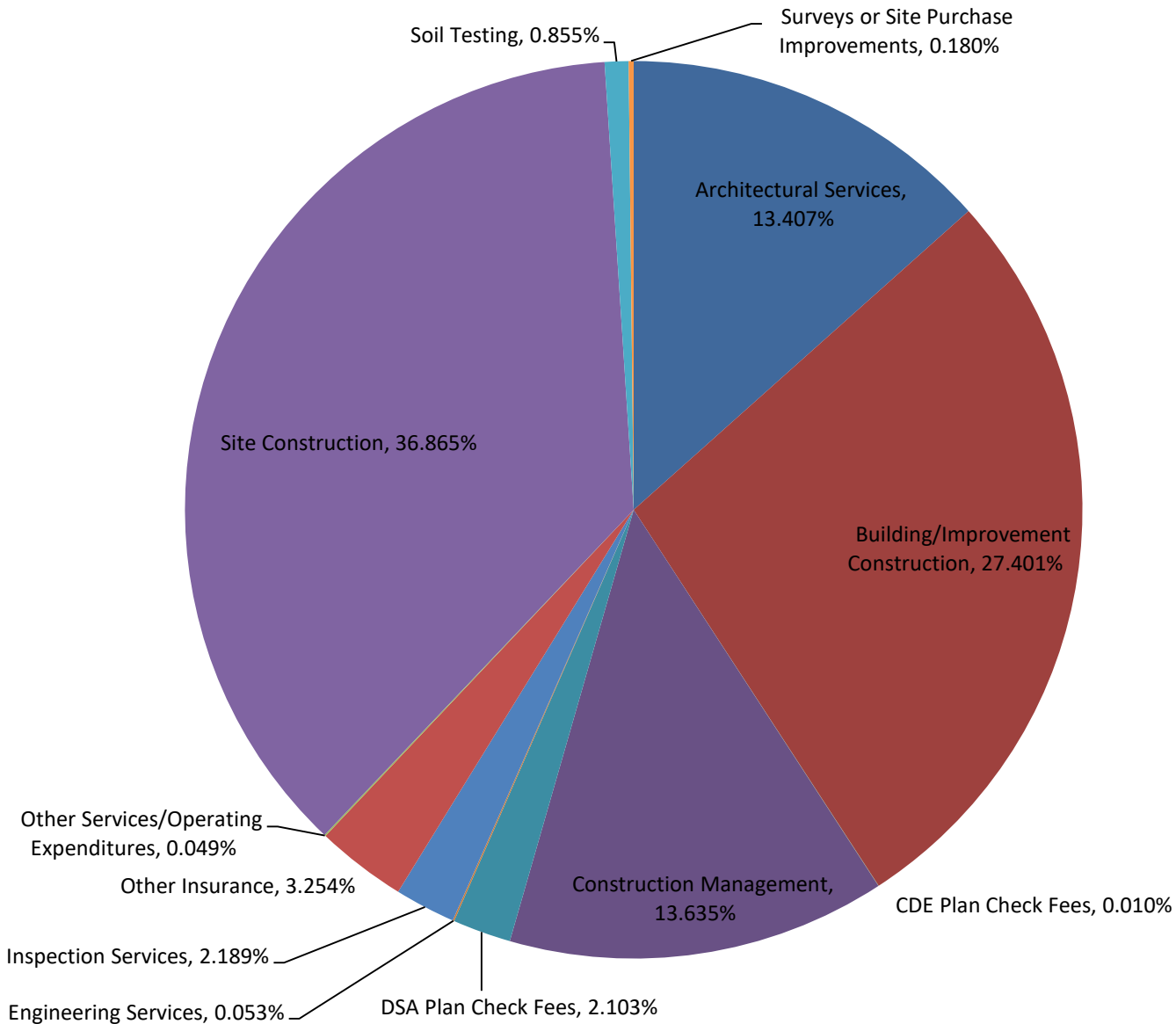
Project Activity

School	Projects	Inception-to-Date
Sultana	Drinking Fountains	37,939.96
Vernon	Drinking Fountains, Perimeter Fencing, Security System	407,022.16
Vernon	Health and Learning Center	11,063,881.32
Vina Danks	Drinking Fountains, Perimeter Fencing, Security System	512,441.70
Vineyard	Drinking Fountains, Perimeter Fencing	225,070.74
Vista Grande	Drinking Fountains	123,037.71
Wiltsey	Drinking Fountains, Perimeter Fencing, Security System	436,639.12
Grand Total		\$ 45,192,251.69

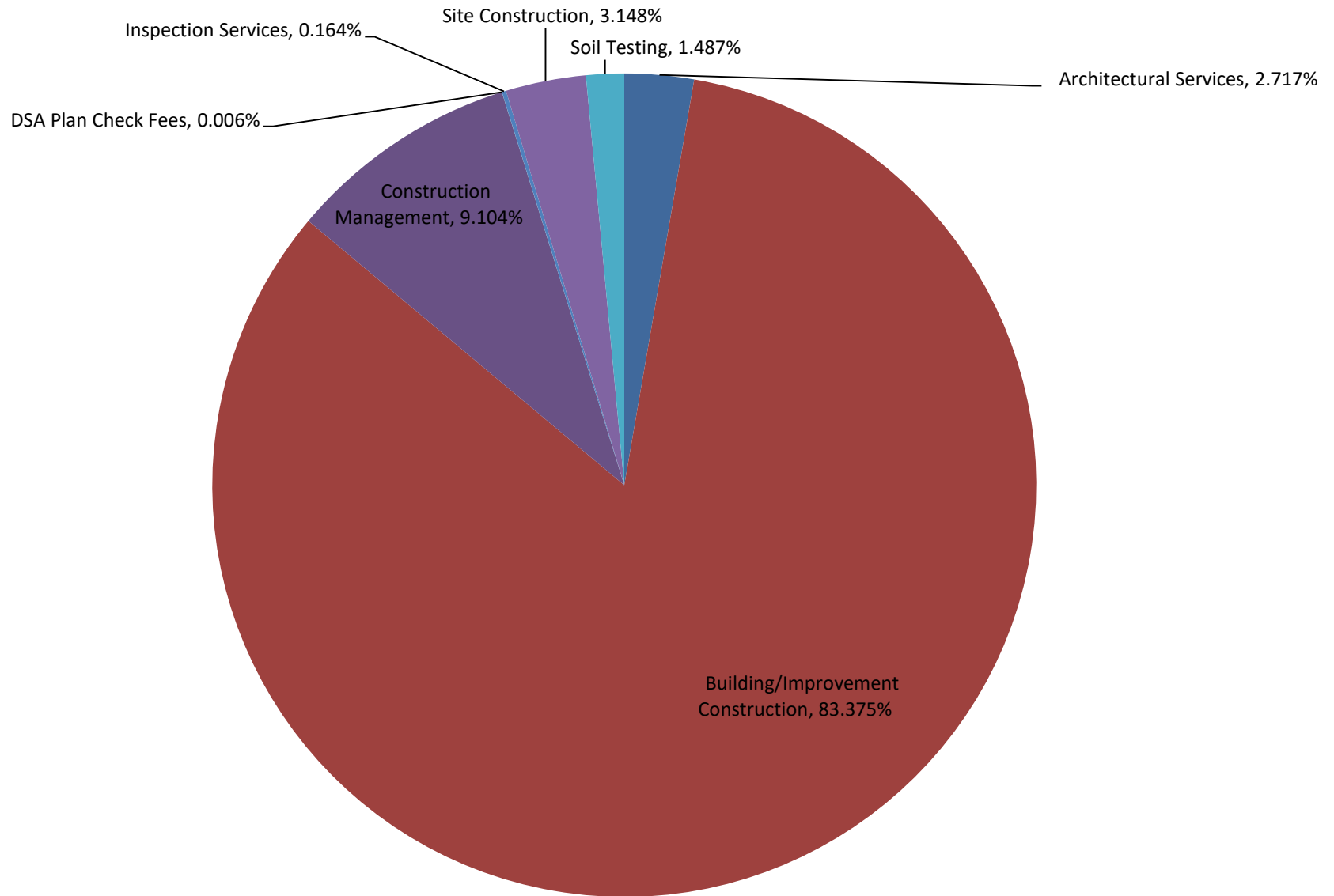
Expenditures and Encumbrances by Category

Category	Inception-to-date Activity		Total
	Expenditures	Encumbrances	
Architectural Services	\$ 1,838,294.45	\$ 855,295.00	\$ 2,693,589.45
Building/Improvement Construction	3,757,158.60	26,246,754.01	30,003,912.61
CDE Plan Check Fees	1,380.47	-	1,380.47
Construction Management	1,869,537.73	2,865,867.00	4,735,404.73
DSA Plan Check Fees	288,332.35	1,745.71	290,078.06
Engineering Services	7,200.00	-	7,200.00
Inspection Services	300,147.98	51,692.00	351,839.98
Other Insurance	446,125.00	-	446,125.00
Other Services/Operating Expenditures	6,687.05	-	6,687.05
Site Construction	5,054,887.08	991,076.76	6,045,963.84
Soil Testing	117,254.25	468,106.25	585,360.50
Surveys or Site Purchase Improvements	24,710.00	-	24,710.00
Grand Total	\$ 13,711,714.96	\$ 31,480,536.73	\$ 45,192,251.69

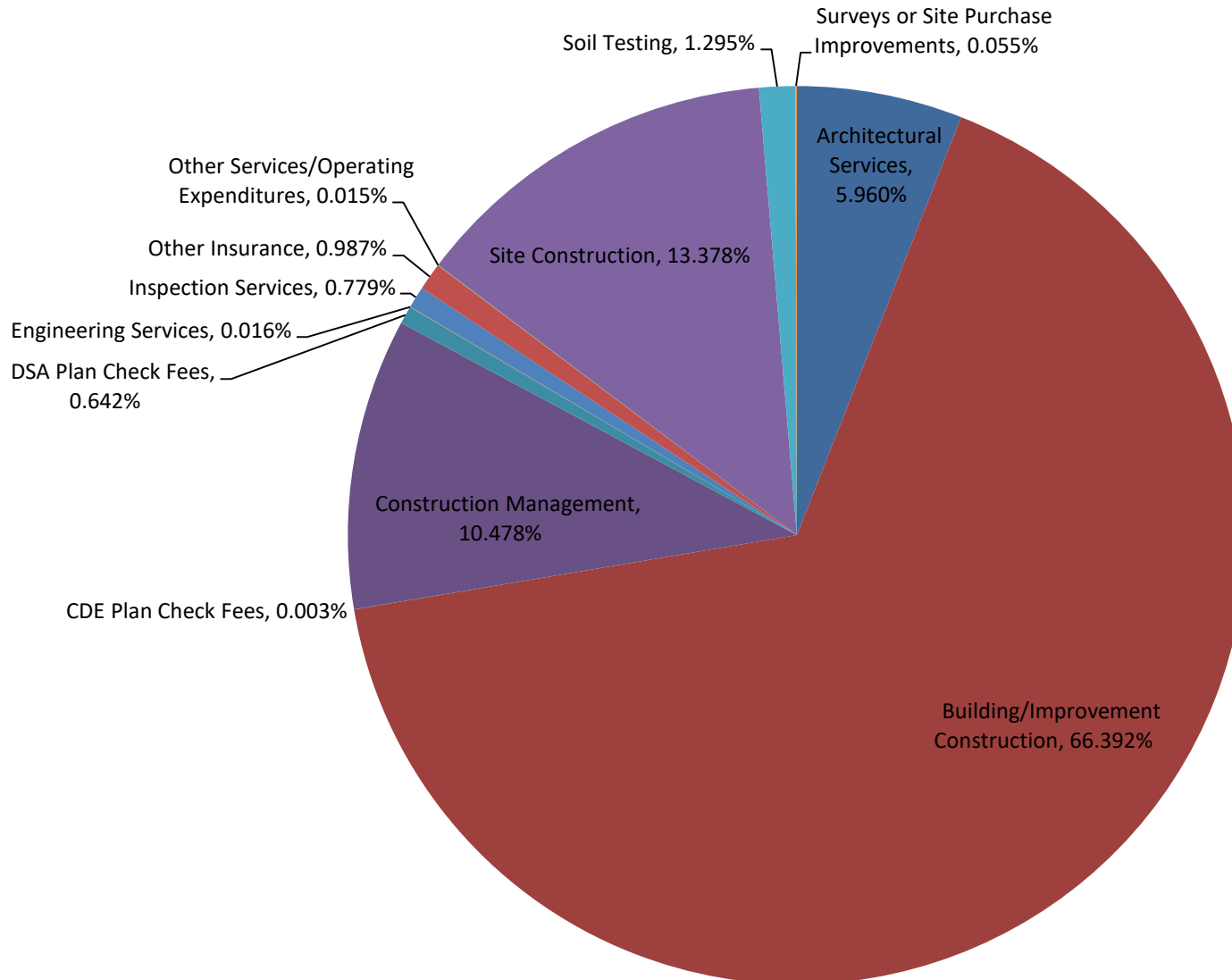
Expenditures by Category



Encumbrances by Category



Expenditures and Encumbrances by Category



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

Citizens' Bond Oversight Committee
Annual Report

Ontario-Montclair School District
Ontario, California
February 20, 2019
MEASURE “K” CITIZENS’ BOND
OVERSIGHT COMMITTEE

<u>Members</u>	Term Expiration:	
	<u>Current</u>	<u>Third Term</u>
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
Daryll Volrath (Taxpayers Associate Member)	Apr 2021	Apr 2023

2018-19 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 December 13, 2018, the Board or Trustees filled two vacancies by appointing, Christine Pangelinan (At-Large Member) and Judith Jasper (Senior Citizen’s Organization) and re-appointed members, Bertha Diaz (Parent Member), Crisol Mena (Parent Active in a PTA Member), Michael Milhiser (At-Large Member), Sergio Sahagun (Community Business Owner Member), Daryll Volrath (Taxpayers Associate Member).

The CBOC convened on July 27, 2017 and February 1, 2018. No business was conducted without a quorum. Agendas and Meeting Minutes, plus exhibits provided to the members, are posted on the District’s website.

2. 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, 2018 was prepared by the auditing firm of Vavrinek, Trine, Day & Co., LLP (VTD) and included as an attachment to this report. The Board of Trustees received the 2017-18 Annual Measure K General Obligation Bond Audit Report ("Audit Report") on January 10, 2019. CBOC members were provided the Audit Report prior to the Board's January 10, 2019 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.

3. Summary of Project Revenues and Expenditures as of June 30, 2018.

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

On March 17, 2017, Series A bonds were issued for the bond authorization totaling \$35,000,000.

As reported in the Audit Report, project expenditures as of June 30, 2018 were \$8,597,554.41. The Fund ending balance was \$26,659,076.91. As of June 30, 2018, the Building Fund ("Measure K") indicates commitments with respect to unfinished projects totaling \$32,439,785.00.

No Audit Findings or Questioned Costs were reported in the Audit 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 Deferred Maintenance, Developer Fees budgets 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.

4. 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 2018-19 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 February 20, 2019 meeting, the CBOC accepted, reviewed and approved this report.

Respectfully submitted,

Crisol Mena
Vice-Chair

on behalf of the

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