



BUILDING ON SUCCESS - SCHOOLS FOR THE NEXT GENERATION
MEASURE K BOND PROGRAM

Citizens' Bond Oversight Committee Meeting Minutes

Thursday, December 17, 2009

5:00 – 7:00 PM

LBUSD District Office - Community Room
1515 Hughes Way
Long Beach, California 90810

Attendees:

COC Members:	Kristine Hammond Victor McCarty (Chair)	Karen Hilburn (Vice Chair)	Julia Jackson
LBUSD Staff:	Carri Matsumoto	Betty Ng	
LBUSD Consultants:	Tim Doane Megan Asselin	Steven McGuckin Karin Nelson	Priscilla Meckley-Archuleta
Others Present:	Virna Cothrin		
COC Members Absent:	Byron Bolton	Peggy Krynicki	Michael Noll

Call to Order

Meeting was called to order by the Chair (*McCarty*) at 5:03 PM.

Establishment of Quorum

A quorum was noted as established, with 3 members absent.

Approval of Minutes

September 24, 2009 meeting minutes were provided to all COC members in their meeting packet. Motion to approve the minutes carried without further discussion or changes.

There was discussion about timing for draft meeting minutes being completed and sent to the Committee members, as well as the process for review of the draft minutes. District staff will consider sending the completed draft minutes to the members when they are ready, in advance of the meeting agendas and accompanying documents such as quarterly financial reports.

Communications

Discussion of Meeting frequency ultimately deferred to New Business.

Public Comment

None.

Staff Reports

2008/2009 Annual Financial and Performance Audit (Ng/Nelson/Asselin)

The audits are conducted according to State reporting requirements and regulations and follow standard auditing practices. The auditors are independent and not internal to the District. Vincenti, Lloyd, Stutzman, LLP was selected by the District to conduct both the District audit, as well as the Measure K, Proposition 39 audits. The Measure K audits are based upon the voter-approved Bond language.

The financial audit report was reviewed and questions addressed. There were no findings and no questioned costs for the audit; and there were no instances of non-compliance. There was a question and clarification provided of what a modified accrual is. This term is used for governmental funds that are maintained on a cash basis until end of year, which is how the Measure K bond fund is maintained. It was reported that during the audit period there was one primary expenditure, which was a debt retirement and that it was included in the voter-approved bond language. There was a clarification of the expenditure for program management services. There is also a requirement that 85% of bond funds be encumbered within a 3-year period from sale of the bonds. This is an IRS requirement, not an auditing requirement, and if not complied with could be subject to arbitrage.

The performance audit report was reviewed and questions addressed. The purpose of the performance audit is to confirm that the bond program is in compliance with the voter-approved bond language. It was reported that there were no instances of non-compliance resulting in an "unqualified opinion". The auditors reported to the Committee that there were no findings, which is excellent as some districts struggle with the establishment of the processes and procedures at the beginning of a bond program.

There was a clarification that the Board does not approve the audits, but only receives the audits.

Measure K Bond Program Update (*Matsumoto*)

The December 1, 2009 Board Workshop was reviewed and questions addressed. An overview of key areas highlighted:

- Last months focus of efforts and cost savings measures.
- Selection of pre-qualified consultants.
- Major project updates - New 6-8 Middle School #1 (at the former GTE site) and New High School #1 – Early College Academic Technical School (ECATS). The CEQA review period on the ECATS project was extended one month.
- Review of major priority projects and projects in planning.
- Status of District-wide projects.

Quarterly Financial Update (*Doane*)

The report was reviewed and discussed with questions from COC members addressed. Following are the primary topics of discussion:

- Significant set-up activities:
 - Implementation of new facility project tracking software application for expenditure reporting, which is a supplement to District's annual fiscal accounting. The new software is for capital projects. It can span multiple fiscal years and provides reporting capabilities for State audits.
 - Development of processes, procedures and protocols.
 - Annual fiscal year-end closing activities.
- Coding and minor report format changes from September 24, 2009 report.
- Executive Summary format.
- Budget Modifications Processed During Construction Period for New 6-8 Middle School #1 (GTE Site).

There was discussion regarding the duration of time it will take to review the financial report as it continues to grow. Extra time was spent on this first review to clarify how the reports look, are read and interpreted.

COC Annual Report Format and Schedule *(McCarty)*

There was discussion about when to deliver the annual report to the Board. It is the Committee's intent to present the annual report prior to the expiration of the 1-year terms for current Committee members. The date for presentation to the Board will be determined at the March 25, 2010 meeting. Chair McCarty will draft the annual report and send it to Vice-Chair Hilburn. The annual report will end with December 31, 2009; and the draft will be included in the packet for the next COC meeting. Hilburn moved, Hammond seconded – the motion carried without further discussion.

New Business

2009/2010 Annual Financial and Performance Audit *(Matsumoto)*

It is the intent to have the audit firm's lead personnel on the Measure K audits meet with the COC members prior to starting the 2009/2010 audits. It is standard District practice to rotate to a new audit firm this coming year, so it is expected that a different firm will be conducting next year's bond program audits.

Additional Meetings *(McCarty)*

Chair McCarty met with Kim Stallings to discuss COC matters, meetings and auditor access. There was discussion about how many meetings the COC is permitted each year. According to the current COC Bylaws, the COC is permitted to meet no more than four times annually, including all workshops and meeting types. If the COC members would like to meet more often, the Bylaws would need to be amended by the Board. In addition to adding meetings, meeting time could be extended for existing meetings.

There was discussion about access to the Measure K auditors and the desire to establish a subcommittee to address audit items. Committee members expressed various opinions on this issue. It was stated that the District has indicated that one of the primary purposes of the COC was to address the audits and believes this would be done as a whole, rather than as a subcommittee. It was indicated that the auditors could come to standing COC meetings to discuss Measure K issues and answer questions COC members might have.

There were various opinions expressed and much discussion by COC members on the topic of meeting frequency, auditor access and District staff's relationship to the COC.

Hammond moved that the COC Bylaws be changed to allow up to six (6) meetings annually rather than the current four (4). Hilburn seconded. There was additional Committee discussion followed by a vote – the motion carried. Chair McCarty will work with District staff in preparation for a Board meeting when the Bylaws will be brought back for amendment.

Announcements

Member Hammond's e-mail has changed. The COC directory will be updated and re-issued.

Adjournment

Meeting was adjourned at 7:12 PM.

Next Meeting

Thursday, March 25, 2010 at 5 PM Regular Business Meeting