

Livingston Union School District
CITIZENS' BOND OVERSIGHT COMMITTEE
February 4, 2014 – 4:30 p.m.

MINUTES

CITIZENS' BOND OVERSIGHT COMMITTEE MEMBERS

Ramon Avila *Esthela Martinez*
Martha Nateras *Carmen Gutierrez-Fuentes*
Amy Pulido
Kaye Greeley

MEMBERS PRESENT: Ramon Avila, Esthela Martinez, Martha Nateras, Carmen Gutierrez-Fuentes and Kaye Greeley

MEMBERS ABSENT: Amy Pulido

DISTRICT STAFF PRESENT: Andrés Zamora, Superintendent; Sara Crawley, Fiscal Services Director; Lupe Maldonado, Recording Secretary

VISITORS: Albert Peché, District's GOB Financial Advisor

I. CALL TO ORDER

The meeting was called to order at 4:38 p.m. by Chairman, Martha Nateras. The meeting was held in the District Conference Building of Livingston Union School District.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Superintendent Zamora.

III. PUBLIC COMMENTS

There were no public comments.

IV. WELCOME AND INTRODUCTIONS

Mrs. Nateras welcomed everyone for attending.

V. ROLES AND RESPONSIBILITIES OF COMMITTEE

Mr. Zamora stated that since this committee currently only meets once a year, it is good practice to review the role and responsibilities of the committee.

Financial Advisor, Mr. Peché, explained how the committee came to be based on the passing of Proposition 39 of the 2000 General Election, also known as the School Facilities 55% Local Vote Act. It reduced the threshold required to pass local California school district bond issues from a 2/3 majority vote to a 55% majority vote. In addition, the tax rate collected as a result of the election would then be \$30 for a school district per \$100,000 of taxable property value. The other important provision was that a governing board of a school district would appoint a citizens' oversight committee to inform the public concerning the spending of the bond revenues.

He also emphasized that the committee's role is not to approve of the projects but to make sure that the bond proceeds are used properly. A copy of the bond project list (Exhibit A-1) was provided for members to review along with a copy of the ballot (Exhibit B) that voters saw during

the 2000 election. Exhibit B includes the building of a new school but it also allows for other services, such as repair, replace, upgrade school facilities.

Martha Nateras asked about the enrollment status and how many more students are needed to build a new school. Superintendent Zamora reported we currently have twenty (20) students less than last year and we would need at least 300 students more to begin building a new school, hence, we are far from development.

Mr. Peché stated we would need to see big development projects like we did when the bond was passed to see an increase in enrollment. We will have at least eight million to start building.

Mr. Zamora stated land is still being leased with organic farming and funds are being deposited into the Superintendent's Literacy Fund which subsequently goes back to students and classrooms.

VI. REVIEW OF BYLAWS

Bylaws were reviewed by the committee in 2012 and revisions were brought to the board for adoption. One of the challenges we currently have are the terms for members are too short. Currently, the bylaws have members serve either a one or two year term. This makes it difficult when we only meet once a year and the need to solicit new members would be continuous. Superintendent Zamora proposed to extend the terms from 1-year terms to 3 years and 2-year terms to 4 years and asked members if they were willing to make the extended commitment before taking it to the Board for approval. Each member was in agreement with the term extension.

Mr. Avila asked for clarification on Government Code Section 1090. Financial Advisor, Mr. Peché was able to research the code and read the first part of the law which states "Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members, nor shall be purchasers at any sale or vendors at any purchase made by them in their official capacity."

VII. TERMS OF OFFICE

Members, Ramon Avila, Kaye Greeley, Esthela Martinez, and Martha Nateras all agreed to a second term. Each of their terms will now expire in 2018.

VIII. BOND EXPENDITURES REPORT

Fiscal Director, Sara Crawley, recapped on how the district initially used developer fee funds (Fund 35) to pay for bond expenditures that came in before bond proceeds. There was \$185,000 of bond proceeds leftover in Fund 35 which was then transferred to the bond account (Fund 21), as suggested by our district auditors. This will be the last report you see with both funding accounts. Mrs. Crawley went over the audit report, stated that interest rate went up slightly. There was also a payment made to our CPA firm for the bond report.

Mrs. Gutierrez-Fuentes asked if the district can lock in an interest rate. Mr. Peché explained that school district funds are deposited with the Merced county treasurer, unlike a city that has broader power, the county has an investment policy that has to be adopted and conservative similar to a money market account, with access to it in case you need it, therefore, it cannot be locked.

Karen Adams is the county's treasurer and does a good job with investments. The district receives quarterly reports that are also reviewed by our school board.

IX. ANNUAL FINANCIAL AND PERFORMANCE AUDIT REVIEW

Each member was presented with a copy of the audit report performed by the district's CPA, Vavrinek, Trine, Day & Co., LLP. She went over the financial section on page 4 that refers to our assets which equals our total bond funds in Fund 21 reported previously. Total revenues of \$20,639 are strictly interest earned. There was \$1,000 in expenditures for the audit review service. Ending balance for year ending in June 30, 2013 is \$2.7 million. Page 10 of the audit report explains the district's General Obligation Bond, Series A. Last section, page 17 addresses the district's financial statement findings, which none were reported.

X. NEXT MEETING

Next meeting will be scheduled in 2015 in February or March. Advance notice will be given to committee members.

Mr. Avila questioned if there are minutes from each meeting. Mr. Zamora stated minutes are taken and will be provided. Recording secretary, Lupe Maldonado also stated that minutes from each of the meetings are also posted on the district's webpage.

Mr. Avila asked if there are any plans to use the funds for other sources if the development of a new school doesn't happen or will funds just stay in the account. The district will be working on a 5-year facilities improvement plan and will need to begin discussions with the board for possible funding options.

Esthela Martinez asked if the interest earned can be used towards technology or other needs. Financial advisor, Mr. Peché explained that when you issue bonds the interest rate is much lower. The IRS does not want you making money; therefore, any interest in excess of 4% earned on bond funds must be refunded back to the federal government. Currently the interest rate is at 1%. The board does have the flexibility to use funds towards other projects listed on the ballot description, however, the board is not ready to do that.

Mrs. Nateras asked how long can this carry on and if there is any statute of limitations. Mr. Zamora stated there are no statutes that the district is aware of. Funds can be carried in the account for many years.

XI. ADJOURNMENT

The meeting adjourned at 5:27 p.m.

Date: February 27, 2014



Andrés Zamora, Superintendent