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CITIZENS' BOND OVERSIGHT COMMITTEE 2012 ANNUAL REPORT

West Contra Costa Unified School District
[HTTP://WCCUSD-BOND-OVERSIGHT.COM/](http://wccusd-bond-oversight.com/)

What is the Citizens' Bond Oversight Committee?

The West Contra Costa Unified School District Citizens' Bond Oversight Committee (CBOC) is an independent body of dedicated volunteers who make every effort to fully understand where the taxpayers' dollars are being spent, and to ensure that the District's facilities expenditures are consistent with the bond measures approved by voters.

We are responsible for reviewing and reporting on the expenditures of school bonds issued under Measures M (\$150 million, approved in 2000), Measure D (\$300m, 2002), Measure J (\$400m, 2005), Measure D (\$380m, 2010), and Measure E (\$360m, 2012).

The CBOC meets monthly to review bond expenditures, project progress, and the results of independent financial and performance audits.

The CBOC maintains a website and issues this Annual Report to keep the tax payers informed.

The CBOC encourages you to visit our website:

www.wccusd-bond-oversight.com

On it you can review current CBOC activities and public information, including agendas, meeting minutes, presentation documents, and links to project information.

Visitors are always welcome to attend our monthly CBOC meetings.

There are currently 19 designated CBOC membership positions and there are often vacancies, so if you are interested in serving on the CBOC please attend a meeting and learn more about the opportunities.

Who Serves on the CBOC?

There are 19 designated positions including the following 5 representatives that are required by State law:

- Business organization
- Senior Citizen organization
- Taxpayers' Organization
- Parent or Guardian
- Parent/Guardian & PTA

In addition, the CBOC has five members designated by each of the cities in the District; two members designated by the County Supervisors; one member designated by each of the five School Board members; and there are members representing

Trade Unions, and Public Employees Union Local One.

In 2012 the following people served on the CBOC:

Julio Arroyo, Tim Banuelos, Gerard Boulanger, Charlie Cowens, Wayne Ellis, Brant Fetter, Joe Fisher, Jason Gallia, Paul Gilbert-Snyder, Don Gosney, Kris Hunt, Eduardo Martinez, Norma Martinez-Rubin, Charleen Raines, Ivette Ricco, Kristin Rosekrans, Robert Studdiford, and Tim Warner.



Waiver of Statutory Bonding Capacity Limits

State law limits the amount of bonds that a school district can sell to 2.5% of the assessed property value within its district, unless a waiver of the debt-limit is applied for and granted. Declines in property values in 2009 constrained the District's bond program, preventing it from selling any bonds, despite voter approval.

To continue its construction program without incurring costly delays, and to take advantage of the favorable bidding environment the economic downturn provided, in the fall of 2010 the WWCUSD applied to the State Board of Education for a waiver of the 2.5% limit allowing the sale of bonds up to 5% of assessed property values. The same debt-limit issue faced Measure E bonds, approved in fall of 2012. For Measure E, the District prepared a waiver document and endorsements in December 2012. After review, the State eventually granted a 5% waiver for 12 years, and also removed the restriction on selling controversial capital appreciation bonds (CABs).

The CBOC supported the District's application on these waivers, concluding they would make the most efficient use of taxpayers' dollars and continue the voter-approved bond program in an efficient manner.

CBOC Statement of Compliance

This Annual Report 2012 is submitted to the Board of Trustees by the Citizens' Bond Oversight Committee, Measure M, D, J, D-2010, and E in accordance with Education Code section 15278 (b).

The CBOC advises that, to the best of its knowledge based on available information provided by the District, the West Contra Costa Unified School District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution, and California Education Code Section 15278-15282.

Controversial Bonds

In 2010, the District sold \$2.5 million in capital appreciation bonds (CAB), in order to take advantage of a federal subsidy of \$25 million to rebuild Ohlone Elementary. It was not the first CAB in the bond program's history, but it received a lot of attention in the wake of a 2012 CAB scandal in Southern California's Poway school district, which will require a 10-to-1 payoff when the bonds mature.

In our District's case, however, the total amount of payment for the school given the subsidy funds brings the effective pay out to only about 2-to-1, or about the same as a typical 30-year fixed interest home loan.

While the CBOC determined that this was a good choice for our program, we will continue to carefully monitor the issuance of CABs in our district.



Old Portola Middle School gym being demolished. The new campus will replace Castro Elementary in El Cerrito.

Availability of Bond Program Audits

As required by law, the District completes an annual performance audit and an annual financial audit of its bond program.

The 2012 performance audit, completed by Total School Solutions, is available at:

<http://wccusd-bond-oversight.com/AuditsPerformance.htm>

The 2012 financial audit, completed by Perry-Smith, LLP, is available at:

<http://wccusd-bond-oversight.com/AuditsFinancial.htm>

The CBOC has reviewed and accepted these audits. The audits did not reveal any fiscal or functional malfeasance.