

THE ROLE OF THE BOND OVERSIGHT COMMITTEE

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PROPOSITION 39: THE SMALLER CLASSES, SAFER SCHOOLS, AND FINANCIAL ACCOUNTABILILTY ACT (2000)

- ❖ 55% Voter Approval
- ❖ Citizens' Oversight Committee

THE INTENT OF THE COMMITTEE

- ❖ To INFORM the public
- ❖ To ADVISE the public
- ❖ To REVIEW and REPORT on expenditures

THE COMPOSITION OF THE COMMITTEE:

- ❖ Business organization member from within the District's boundaries.
- ❖ Senior citizens' organization member.
- ❖ Parent/guardian of child in District.
- ❖ Parent/guardian of child in District and member in a parent-teacher organization.
- ❖ Member of a taxpayers' organization.
- ❖ At large member(s).

COMMITTEE CANNOT INCLUDE:

- ❖ Employee or official of District
- ❖ Any vendor of the District
- ❖ Any contractor of the District
- ❖ Any consultant of the District

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

- ❖ Actively review and report on the proper expenditure of taxpayers' money.
- ❖ Make sure expenditures are consistent with the California Constitution.

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

- ❖ Provide oversight for:
 - Ensuring bond revenues are used only for construction, reconstruction, rehabilitation or replacement of school facilities.
 - May include furnishing and equipping schools or the acquisition or lease of real property.
 - Ensuring that no funds are used for teacher/administrative salaries.

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

- ❖ Review copies of the annual independent performance audit (performed by school district)
- ❖ Review copies of the annual financial audit (performed by school district)
- ❖ Inspect school facilities and grounds to make sure bond revenues are expended in compliance with California Constitution.

WHAT IS A “PERFORMANCE AUDIT”?

❖ Proposed Legislation - AB 125: *authorizes* districts to include in performance audit review of compliance with:

- design and construction costs and schedules and budgets
- program and construction management costs
- construction change orders, claim procedures and results, payment procedures, and
- bidding and procurement procedures

❖ AB 125 has stalled in committee

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

❖ Review any deferred maintenance proposals or plans developed by the District, including Education Code 17584.1.

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

❖ Review efforts by the school district to maximize bond revenues by implementing cost saving measures, including review of:

- Mechanisms designed to reduce the cost of professional fees
- Mechanisms designed to reduce the costs of site preparation
- Recommendations regarding the joint use of core facilities
- Mechanisms designed to reduce costs by incorporating efficiencies in school site design
- Recommendations regarding the use of cost-effective and efficient reusable facility plans

THE COMMITTEE SHALL ENGAGE IN THE FOLLOWING:

❖ Issue regular reports of the results of these activities – at least one report per year (Ed. Code § 15280(a).)

NOT WITHIN COMMITTEE’S SCOPE:

- ❖ No decision-making authority generally.
- ❖ No authority to participate in the school district’s actual bond sale and issuance process or to make final decisions regarding timing, terms, or structure of bond issuance.
- ❖ No authority to determine how bond funds will be spent.

NOT WITHIN COMMITTEE’S SCOPE:

- ❖ No authority to select or participate in the negotiation or bid process for contractors or consultants for bond projects.
- ❖ Committee should not "inspect" job sites or construction projects without the prior permission of the school district's superintendent.
- Safety issues
- Requirement to register with the school office before entering campus

NOT WITHIN COMMITTEE’S SCOPE:

- ❖ Committee should not contact school district contractors or consultants without prior permission of the superintendent or other authorized District representative.
- ❖ Committee cannot appoint replacement members or fill vacancies; that is the Board’s responsibility.

LIMITS ON COMMITTEE MEMBERS

- ❖Members of the Committee must abide by Government Code provisions which prohibit public officials from having a financial interest in any contracts made in their official capacity. (Ed. Code § 35233 & Gov. Code §§ 1090, et seq.)
- ❖Committee members may also be subject to the Political Reform Act of 1974 and its conflict of interest provisions (Gov. Code §§ 81000, et seq.). The legislation is silent on this issue, and the Fair Political Practices Commission has not yet issued an opinion on this question. District policy, however, does require compliance.

DISTRICT'S SUPPORT OF THE COMMITTEE

- ❖The governing board of the school district shall provide the Committee with:
 - Any necessary technical assistance and administrative assistance in furtherance of the Committee's purpose.
 - Sufficient resources to publicize the conclusions of the Committee. No bond funds may be used to pay any of these expenses. (Ed. Code § 15280.)

COMMITTEE MEETING PROCEDURES

- ❖All Committee proceedings shall be open to the public and shall be subject to the provisions of the Ralph M. Brown Act, in the same manner as is employed for meetings of the governing board of the District.
 - Committee shall establish regular meeting dates, time, and place
 - Publish or post meeting date, time and place in accordance with the Ralph M. Brown Act and applicable school district procedures
 - All meetings shall be open to the public

COMMITTEE MEETING PROCEDURES

- ❖All documents received by the Committee and reports issued by the Committee shall be a matter of public record and be made available on an Internet website maintained by the governing body of the school district. (Ed. Code § 15280(b).)

QUESTIONS?

CITIZENS OVERSIGHT COMMITTEE

The governing board is required to establish and appoint an independent citizen's oversight committee ("the Committee") within 60 days of the date that the governing board enters on its minutes the election results, pursuant to §15284. [Education Code §15278(a)]

ROLE OF COMMITTEE

Composition of the Committee

The Committee shall consist of at least seven (7) members to serve for a term of two (2) years without compensation and for no more than two (2) consecutive terms. The legislation is silent on how and under what conditions a committee member may be removed prior to expiration of his/her term.

The Committee must include:

- ❖ One member who is active in a business organization representing the business community located within the school district;
- ❖ One member active in a senior citizens' organization;
- ❖ One member who is the parent or guardian of a child enrolled in the school district;
- ❖ One member who is both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization; and
- ❖ One member who is active in a bona fide taxpayers' organization [Education Code §15282(a)].

The Committee may not include any employee or official of the school district or any vendor, contractor or consultant of the school district. [Education Code §15282(b)]

Purpose and Activities of the Committee

The purpose of the Committee shall be to inform the public concerning the expenditure of the bond proceeds. The committee shall engage in the following activities to carry out this purpose:

- ❖ Actively review and report on the proper expenditure of taxpayers' money for school construction;
- ❖ Advise the public as to whether the school district is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
- ❖ Convene to provide oversight for, but not limited to:

- Ensuring that bond revenues are expended only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities;
- Ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses. [Education Code §15278(b)]

It is the express intent of the Legislature that the members of the Committee "promptly alert the public to any waste or improper expenditure of school construction bond money." [Education Code §15264]

The Committee is authorized to engage in any of the following activities in furtherance of its purpose:

- ♦ Receive and review copies of the annual independent performance audit required by Article XIII A, Section 1(b)(3)(C) of the California Constitution;
- ♦ Receive and review copies of the annual independent financial audit required by Article XIII A, Section 1(b)(3)(C) of the California Constitution;
- ♦ Inspect school facilities and grounds to ensure bond revenues are expended in compliance with Article XIII A, Section 1(b)(3) of the California Constitution;
- ♦ Receive and review copies of any deferred maintenance proposals or plans developed by the school district; and
- ♦ Review efforts by the school district to maximize bond revenues by implementing cost saving measures, including, but not limited to:
 - Mechanisms designed to reduced the cost of professional fees;
 - Mechanisms designed to reduce the costs of site preparation;
 - Recommendations regarding the joint use of core facilities;
 - Mechanisms designed to reduce costs by incorporating efficiencies in school site design; and
 - Recommendations regarding the use of cost-effective and efficient reusable plans. [Education Code §15278(c)]

The Committee shall at least annually issue regular annual reports of the results of its activities. [Education Code §15280(b)]

Governing Board Support of the Committee

The governing board shall provide the Committee with (a) any necessary technical assistance and administrative assistance in furtherance of the Committee's purpose and (b) sufficient resources to publicize the conclusions of the Committee. No bond funds may be used to pay any of these expenses. [Education Code §15280(a)]

Meetings of and Documents Provided to the Committee

All Committee proceedings shall be open to the public and shall be subject to the provisions of the Ralph M. Brown Act. All documents received by the Committee and reports issued by the Committee shall be a matter of public record and be made available on an Internet website maintained by the governing body of the school district. [Education Code §15280(b)]

LIMITS ON COMMITTEE MEMBERS

Members Subject to Prohibitions Regarding Conflict of Financial Interests in Contracts

Under the provisions of Education Code §35233, members of the Committee must abide by the prohibitions contained in Article 4, commencing with §1090, and Article 4.7, commencing with §1125, of Division 4 of Title 1 of the Government Code, which prohibit public officials from having a financial interest in any contracts made in their official capacity. [Education Code §15282(b)]

Committee Members May Be Subject to The Political Reform Act of 1974 and Its Conflict of Interest Provisions

The legislation is silent as to whether members of the Committee are subject to the provisions of The Political Reform Act of 1974 (The "PRA") and the conflict of financial interest rules and regulations promulgated by the Fair Political Practices Commission ("FPPC"). The FPPC has not issued an opinion on this question as yet.

If the Committee is solely advisory, its members are not likely to be subject to The PRA. On the other hand, if the Committee makes or participates in the making of final decisions, it may be deemed by the FPPC to have decision making authority, and its members would be subject to the provisions of The PRA. At this time, we can only speculate. For information purposes, the FPPC has determined that a board or commission possesses decision-making authority whenever the following occur:

- (1) It may make a final governmental decision. (C.C.R., Title 2, §18700(a)(1)(A); see also *In Re Maloney*, No. 76-082, 3 FPPC Ops. 69);
- (2) It exerts such influence that its advice is routinely and regularly followed by its recipient board. (C.C.R., title 2, §18700(a)(1)(C); see also *In re Rotman*, No. 86-001, 10 FPPC Ops. 3); see also *Commission on Cal. State Gov. Org. & Econ. v. Fair Political Practices Com.* (1977) 75 Cal.App.3d 716)).
- (3) It may compel or prevent the making of a board decision by its action or inaction. (C.C.R., title 2, §18700(a)(1)(B)).

Public officials who make or participate in the making of final decisions are covered by the conflict of interest codes adopted pursuant to Government Code sections 87300-87313 of The PRA. Local governmental agencies like school districts are required to include in their

conflict of interest codes the positions within the agency which involve the making or participation in the making of final decisions which may foreseeably have a material effect on any private financial interest.

NEW LEGAL ACTIONS TO PREVENT OR RESTRAIN THE EXPENDITURE OF BOND FUNDS

The legislation creates a form of legal action called a "School Bond Waste Prevention Action" which may be brought by a citizen who is assessed and required to pay an *ad valorem* tax to repay bonds issued pursuant to the 55% bond approval option. In order to prevail, the citizen must show that the challenged expenditure of bond funds is not in compliance with the law, that the expenditure will produce waste or great or irreparable injury, or that the governing board has willfully failed to appoint an Oversight Committee. This legal remedy supplements existing remedies to challenge school bond elections and expenditures.

CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS

Section 1. Committee Established. The San Lorenzo Valley Unified School District (the "District") was successful at the election conducted on February 5, 2008 (the "Election"), in obtaining authorization from the District's voters to issue up to \$18,900,000 aggregate principal amount of the District's general obligation bonds, pursuant to a 55% vote. The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is now obligated to establish the Oversight Committee to satisfy the accountability requirements of Prop 39. The Board of Trustees of the San Lorenzo Valley Unified School District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have independent legal capacity from the District.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support at District expense to the Committee as consistent with the Committee's purposes as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Election are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under the ballot measure. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditures of bond proceeds.

3.2 **Review Expenditures.** The Committee may review quarterly expenditure reports produced by the District to ensure that (a) bond proceeds are expended only for the purposes set forth in the ballot measure; (b) no bond proceeds are used for any teacher or administrative salaries or other operating expenses.

3.3 **Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following:

(a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and

(b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Superintendent. Either the Board or the Superintendent, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (i) Approval of construction contracts,
- (ii) Approval of construction change orders,
- (iii) Appropriation of construction funds,
- (iv) Handling of all legal matters,
- (v) Approval of construction plans and schedules,
- (vi) Approval of Deferred Maintenance Plan, and
- (vii) Approval of the sale of bonds.

3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the District has not charged the Committee with responsibility for:

(a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property without bond proceeds shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soil engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) by the Board in its sole discretion and shall report to the Committee on any cost saving techniques considered or adopted by the Board.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry activities set forth in Prop 39 and included herein.

(g) The adoption of a plan for publicizing the activities of the Committee and the determination as to whether a mailer, a newspaper notice or website materials would best suit the distribution of the Committee's findings and recommendations.

(h) The amendment or modification of the Bylaws for the Committee as provided herein, subject to the legal requirements of Prop 39.

(i) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its functions under Prop 39.

Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIIA of the California Constitution.

(b) Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Superintendent.

(c) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

Section 5. Membership.

5.1 Number. The Committee shall consist of a minimum of seven (7) members appointed by the Board of Trustees from a list of candidates submitting written applications, and based on criteria established by Prop 39, to wit:

- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizen's organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member shall be a parent or guardian of a child enrolled in the District.
- One (1) member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization or school site council.
- Two (2) members of the community at-large appointed by the Board.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age and reside within the District's geographic boundary, in accordance with Government Code Section 1020.

(b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest. By accepting appointment to the Committee, each member agrees to comply with Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and to complete the Form 700 as required by all "designated employees" of the District. Additionally, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, beginning April 1, 2008. No member may serve more than two (2) consecutive terms. At the Committee's first meeting, members will draw lots to select a minimum of two (2) members to serve for an initial one (1) year term and the remaining members for an initial two (2) year term.

5.5 Appointment. Members of the Committee shall be appointed by the Board through the following process: (a) appropriate local groups will be solicited for applications; (b) the Superintendent or his designee will review the applications; (c) the Superintendent or his designee will make recommendations to the Board.

5.6 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two (2) consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee.

5.7 Compensation. The Committee members shall not be compensated for their services.

5.8 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District. (b) Individual members of the Committee retain the right to address the Board as an individual.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee is required to meet at least once a year including an annual organizational meeting to be held at Quail Hollow, 325 Marion Avenue, Ben Lomond, California.

6.2 Location. All meetings shall be held within the District.

6.3 Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the

number of Committee members shall constitute a quorum for the transaction of any business except adjournment.

Section 7. District Support.

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the *Ralph M. Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation and copies of any documentary meeting materials, such as agendas and reports; and

(d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend all Committee proceedings in order to report on the status of projects and the expenditures of bond proceeds.

7.3 No bond proceeds shall be used to provide District support to the Committee.

Section 8. Reports. In addition to the Annual Report required in Section 3.2, the Committee may report to the Board at least semi-annually in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Superintendent shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent, which positions shall continue for two (2) year terms. No person shall serve as Chair for more than two (2) consecutive terms.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a two-thirds vote of the entire Board of Trustees.

Section 11. Termination. The Committee shall automatically terminate and disband at the earlier of the date when (a) all bond proceeds are spent, or (b) all projects funded by bond proceeds are completed.

**CITIZENS' BOND OVERSIGHT COMMITTEE
ETHICS POLICY STATEMENT**

This following Ethics Policy Statement provides general guidelines for Committee members to perform their roles. Not all ethical issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

POLICY

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds or (2) any construction project which will benefit the committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.

- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and businesses for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.

- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the San Lorenzo Valley Unified School District;

- **COMMITMENT TO DISTRICT.** A Committee member shall place the interest of the District above any personal or business interest of the member.

The undersigned acknowledges he or she has received a copy of this Ethics Policy Statement, understands the provisions of this policy and agrees to adhere to its requirements.

Date

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CITIZENS' OVERSIGHT COMMITTEE

This memo will explain the functions which the citizens' oversight committee is required to perform in connection with the general obligation bond issue of the District, the timing of its creation, and the make-up of the Committee.

Constitutional Reporting Requirements. In order to understand the role of the Committee, it is helpful to start with a discussion of Proposition 39, which amended Article XIII of the California Constitution to permit school districts and community college districts to issue general obligation bonds with a 55% vote. Proposition 39 contains two specific reporting requirements applicable to the District's general obligation program, as follows:

1. "A requirement that the ... school district board ... conduct an annual, independent **performance audit** to ensure that the funds have been expended only on the specific projects listed."
2. "A requirement that the ... school district board ... conduct an annual, independent **financial audit** of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects."

These audit functions are not specifically made the responsibility of the Committee, although it is clear that they must be prepared by an organization which is "independent" of the district. The purpose of the first audit is to review what facilities the bond proceeds have been spent on, relative to the description of authorized facilities contained in the ballot measure. The purpose of the second audit is a bit murkier, although we believe it is to review how the bond proceeds have been spent, i.e. the manner in which the expenditure program has been undertaken, including a review of the amount and purpose of individual expenditures.

Timing of Creation of Committee. The Citizens Oversight Committee must be created within 60 days of the date that the governing board enters the election results on its minutes (Education Code Section 15278).

Make-up of the Committee. The Committee must consist of at least 7 members, 5 of whom must meet the following criteria: 1 member must be an active member of the business community, 1 member shall be active in a senior citizens' organization, 1 member shall be

active in a bona fide taxpayers' organization, 1 member shall be the parent or guardian of a child enrolled in the district, and 1 member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization. No employee or officer of the District may serve on the Committee, nor may any vendor, contractor or consultant of the District serve on the Committee. (Section 15282 of the Education Code.)

Statutory Duties of the Committee. The implementing legislation (Sections 15278 through 15282 of the Ed. Code) states that the purpose of the Committee is "to inform the public concerning the expenditure of bond revenues." This is a general statement which does not dictate the specific functions of the Committee. The specific mandatory functions of the Committee are set forth in the Ed. Code as follows:

1. Actively review and report on the proper expenditure of taxpayers' money for school construction.
2. Advise the public as to whether the District is in compliance with the Section 1(b)(3) of Article XIII A.
3. Provide oversight for both of the following:
 - (a) ensuring that bond revenues are expended only for the purposes described in Article XIII A, Section 1(b)(3), and
 - (b) ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
4. Issue regular reports on the results of activities, at least once a year.

Discussion. In order to discharge its duties, it is clear that the Committee must review the annual performance audit and the annual financial audit which the District is required to provide under Article XIII A as cited above. This review is specifically required in order for the Committee to perform its duties under category 2 above.

Presumably, the annual performance audit and the annual financial audit will provide sufficient information for the Committee to discharge its remaining functions as well, since the audits should contain all of the information which the Committee needs to discharge its duties under categories 1 and 3 above. We would recommend that the independent party(ies) undertaking the annual performance audit and the annual financial audit be instructed by the District to ensure that sufficient detail is contained in these reports to enable the Committee to perform its functions described above.

Bill Kadi
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