

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
OF THE SANTEE SCHOOL DISTRICT

Wednesday, March 7, 2012

Minutes

Members Present: Eid Fakhouri, Jim Montague, Lesha Montoya, Beth Selbe, and Janna Schoenborn

Excused: Gina Jackson, Kai Ramer, Rick Weeks

Attendees Present: Christina Becker, Karl Christensen, and Nancy Stasch

- 1) **Call to Order at 6:08.** Presented handouts and their placement into ICOC binders.
- 2) **Established a quorum** with 5 members in attendance to begin the meeting.
- 3) **Reviewed Minutes of December 7, 2011.** Beth Selbe motioned to approve the minutes as amended. Seconded by Janna Schoenborn.
- 4) There were no public comments.
- 5) **ICOC Communications: Discussion of any community comments:** Jim Montague commented that landscaping work was needed near Chet F. Harritt & the Meadowbrook Estates he lives at. A resident at his park made a call to the District & the work was done by the next day. Lesha Montoya shared no community comments; however, she did wish to express that she is extremely impressed with the modernization work that has been done throughout the District. Eid Fakhouri said he hears a lot of encouraging remarks from the children who are using the new Junior High facilities. They say it's great!. Janna Schoenborn commented that the teachers love it. Beth Selbe, whose husband works at Hill Creek, said they all love it there and the students who are preparing to move into the new Junior High are ecstatic.
- 6) **Financial & Performance Audit Report:** Eid commented that each year the District has to do an audit. He handed the meeting over to Karl Christensen. Karl began by providing background as to why we are now using Vavrinek, Trine, Day & Co., LLP, to handle the performance audit along with the financial audit. In September 2010, the governor changed the performance auditing standards whereby the needed to be reviewed by licensed CPA's. Karl then proceeded to go over the financial piece of the audit. He showed there were no findings of misstatement on the financial end. The performance audit found that the bond money was being spent as the voters approved it to be spent as per the opinion of the auditors. Eid questioned Karl regarding the transfer of funds. Karl replied how the funds transferred in because of the Bond Anticipations Notes (BAN). The District shifted the money back to the appropriate funding source when the State Matching Grant funds were received. Christina added that the State funds usually came

after the completion of construction, so it was utilized as a reimbursement. Karl said that fund 35 needed to move out of this funding source because it collects interest which would have to be paid back to the State. Eid inquired about the long-term obligations interest. Karl explained the Capital Appreciation Bonds & how it works. He said this model assumes a 5% assessment growth. Janna asked what could be done if the property tax revenue doesn't grow as anticipated. Eid thought maybe we could refinance it. Karl said we would look into that when that occurs. Eid asked for motion to accept the financial & performance audits. Jim Montague motioned and it was seconded by Beth. All approved. Karl wants to note to time the audits differently next year so the members can review the audits prior to the meeting. Eid suggested starting a sub-committee for the next newsletter. He wants to be sure to include that the members approved the audits. Eid asked Christina to help the word get out by putting it on the District website. Karl said the School Board accepted it already so it has become public. Eid said that the ICOC Chair should reports this to the schools. Eid asked us to draft a cover letter regarding the audit reports about the acceptance and send it to Eid & Gina for review & comments.

- 7) **Review of Expenditure and Budget Summary Report:** Karl Christensen explained this report and shared what it represented. Eid asked how the budget for the CIP program becomes official. Karl said that the this budget was approved by School Board in April 2009 and its cost summary is a plan for future CIP projects. The official budget is established yearly as an adopted budget process. Karl said it would then officially become approved when funding becomes available in the future and it would again be brought before the Board. At that time, all the funds would be re-evaluated to see what is best for us to do including looking at what initiates State Funding Grants to help out.

Jim questioned why the Solar upgrades didn't go forward. Karl explained how SDG&E changed their rating system.

8) **CIP Program Update Phase 2 Construction:**

- **Hill Creek Addition Funding Status & Construction Status:** The building should be completed by the end of April. The funding status is such that the State is not releasing our matching grant at this time.
- **Joint-Use Funding Update:** Last year's applications have not been funded. The State just ran out of new construction bond authority. The State is going to take what they have and leak out a small amount of money to avoid initiating level 3 developer fees. The next bond authority may not be until 2014. At that time, there will be a huge backlog of projects wanting to get funded.

- 9) **Comments from Committee Members/Topics for Next Meeting:** Hill Creek tour. Newsletter with Eid's dialog, cover letter regarding audit presentation.

- 10) **Board Actions Since Last Meeting:** Handouts were presented. There were no comments.
- 11) **Adjourned at 7:35 p.m.** to next regular ICOC meeting, June 6, 2012, 6:00 to 8:00 pm.