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Sweetwater Union High School District
Jim Cartmill, Board President
1130 Fifth Avenue
Chula Vista, CA 91911

Dear Mr. Cartmill:

Thank you again for the opportunity to represent the Citizen's Bond Oversight Committee (CBOC). The purpose of this letter is to present a summary of CBOC actions since your last Board meeting on January 28, 2013 and related activity of the Chair and Committee members.

In summary, we continue improve the functioning of the Citizen's Bond Oversight Committee and its desire to for an open transparent Bond Program worthy of the trust of our constituencies, the taxpayers and students of the District. Here is a summary of the last month:

The last CBOC meeting was held on February 6, 2013. The meeting was dominated by three presentations. The first presentation and Committee discussion was from Dan McAllister County Treasurer regarding Capital Appreciation Bonds and pending reform legislation.

Secondly there was a presentation regarding the Bond Anticipation Notes to be issued by the District by Rick Knott Chief Financial Officer. The presentation provided a fairly detailed summary of the District's financial condition. There was some discussion among other factors on projected Assessed Value Growth.

Finally, there was a presentation by District staff (IT, Curriculum) related to the Ipad process. See discussion below.

Ipads continue to be a concern of the Committee. There are varying opinions about the wisdom of using bond funds for Ipads, though the majority of members feel that funds should be used for longer term assets. However the Committee clearly had concerns about the process and planning that led up to the decision to purchase Ipads. The Committee was not satisfied the process was fully vetted and that Curriculum should have been involved more extensively earlier in the pre planning.

Proposition O Financial Audit Released. On February 14, 2013 Paul Woods notified the Committee of the Release of the Proposition O Audit. Our CBOC will review the material

and it may be discussed at our meeting tomorrow night. I want to bring to your attention a significant deficiency identified in the Audit.

The report said: ““The District should reconcile reported cash in the general ledger (GL) to the cash reported by the San Diego County Treasury on a monthly basis, noting any differences between the GL and the county treasury’s records. In auditing cash in County balance at June 30, 2012 we noted there were differences noted in the Proposition O Building Fund. The differences appear to be from transfers that were omitted or not recorded by the county treasury due to the District never contacting the county treasury to let them know these transfers were made. Due to this omission, the District’s cash in county for the Prop O Building Fund was understated by \$17,758,946 and the County School Facilities Fund was overstated by the same amount.”

Further the Audit states under Effect: “Potential for mistakes, fraudulent behavior or misuse of District funds due to lack of proper cash reconciliations for cash in county.” Again, this issue has not been discussed by the CBOC but will undoubtedly be an agenda item for the future. I am meeting with the new CFO tomorrow in which I hope we can briefly talk about this issue.

Attended California League of Bond Oversight Committees Meeting. I attended the California League of Bond Oversight Committees meeting on February 9, 2013 in Sacramento and met with some members of the Board of Advisors the previous day. The meeting centered on Legislative Reform related to Capital Appreciation Bonds, proposed changes to strengthen the Performance Audit functions of the CBOC, and what specific assistance the California Bond League can provide local CBOC’s.

Deferred Maintenance. The Committee will be delving into the issue of deferred and preventative maintenance as it relates particularly to the significant investment of Proposition O funds on new or substantially refurbished facilities. As Chair this issue of deferred maintenance funding is a big issue for me.

Thank you for your consideration of my comments made on behalf of the Citizen’s Bond Oversight Committee.

Sincerely,



Nick Marinovich, Chair
Proposition “O” Bond Oversight Committee

Cc: Arlie Ricasa, Board Vice President
John McCann, Board Member
Pearl Quinones, Board Member
Bertha Lopez, Board Member
Ed Brand, Superintendent