

Citizens' Bond Oversight Sub-Committee Audit Report

Project: D-2, Computer and Support Infrastructure Project

Site Inspection: 9/30/13

Records Inspection: 1/2/14; 1/13/2014

Project Summary: This initiative is a 10-year program designed to offer a way for the district to regularly upgrade computer equipment in an efficient and cost-effective manner district-wide, without the need for each individual school to include the costs on their budget.

The scope of this report is to provide a progress update on various technology projects the district pursued with Measure D funds in fiscal years 2012-13 and 2013-14. During this period, the district's purchases included:

- Network copy machines at 18 schools.
- Chromebook and MacBook laptop computers, iPads, and Apple TVs.
- Continued expansion of the Extron project by installing projection and sound systems in classrooms.
- Increased server capacity at district headquarters to support computing needs at school sites.

Site Inspection: Committee members H.K. Allen and Eric Stern met with district staff Mark Covington and William Young on 9/30/2013 to review technology projects at Leroy Green Academy and Two Rivers Elementary School. Committee members reviewed the use of Extron projection systems in several classrooms, examined laptops in secured storage carts, and spoke with teachers and students about the growing use of technology for in-class and out-of-class assignments. Copy machines were also observed in the main offices at each school.

Records Inspection: Eric Stern reviewed the fiscal documents from FY 2012-13 and the first half of FY 2013-14 with Sherry Duschka. We looked specifically at the invoices for:

- PCM, which supplied Chromebook laptop computers, and security carts.
- Apple Computer, which supplied Macbook laptop computers, iPads, and Apple TVs.

- Zoom Imaging Solutions, which supplied network copy machines.
- DecoTech Systems and River City Communication Corp., which supplied and installed Extron projectors.
- Hewlett-Packard, which supplied server support.

We also reviewed minutes of the 12/4/2012 School Board meeting, which noted the Board sought advice from legal counsel regarding the appropriate use of Measure D funds for copy machines. According to the meeting minutes, bond funding was allowable because “copiers are now extensions of computers,” and Measure D funding can be used for technology support.

Though the use of bond funding for technology purchases may be legally *allowable*, the Committee questions if long-term bond financing for technology projects with a short lifecycle—such as copy machines, laptops or iPads—is financially *optimal*. According to the minutes, the Board’s analysis of bids for copy machines compared leasing costs to up-front purchase costs. However, the agenda materials do not suggest the Board also analyzed the borrowing costs from 30 years of bond payments.

This sub-committee is not commenting on the programmatic need or value of these projects, but suggests that the Board consider alternate, shorter-term financing options in the future.

Respectfully Submitted

H.K. Allen & Eric Stern
Citizens’ Bond Oversight Committee