

California Association of Bond Oversight Committees

1/11/2020 4:36 PM

A California Public Benefits Corporation

Corporation formed September 19, 2019

Corporation Number 4319346

Internal Revenue Service Approved Exempt Federal Income Tax Effective September 19, 2019

Donations tax deductible to the fullest extent allowed by law.

5 Executive Committee Minutes, January 7, 2020

1

Purpose Statement: "The specific purpose of this corporation is to provide training, assistance, and encouragement to California School Proposition 39 Citizens' Bond Oversight Committee Members through development of training materials, delivery of online training, conferences, workshops, formation of regional groups of California Citizens' Bond Oversight Committees and representing common interest at the statewide level." (Articles of Incorporation, Section 4)

7 Standing Weekly Executive Committee meetings on Tuesday's at 9:00 am, unless cancelled by President.

8 Zoom Call Instructions: meeting ID 483 227 641, password 989031, 1.669.900.6833

9 ~~Notice Board of Directors who are members of the Executive Committee~~
10 invited, but not requested, to attend this Executive Committee meeting in person or on Zoom.

11 Please silence your cell phone.

MINUTES

13 Day/Date: Tuesday, January 7, 2020

14 Time: 9:00 AM

15 Place: Jack Weir's home, 31 Bandridge Place, Pleasant Hill, CA and Zoom

16 Executive Committee Members Present: Jack Weir, Nick Marinovich, Anton Jungherr

17 Executive Committee Member Absent: Gregg Visineau (excused)

ACTION

19 Call to Order – Jack Weir at 9:07 AM

20 Standing Committees Membership –approve assignment of Board Members and Professional
21 Advisors to standing committees and select Chairpersons – approved (see attachment)

22 Initial Standing Committee Assignments – approve initial Standing Committee assignments -
23 approved

- 24 • Training Materials: prepare Member Handbook.
- 25 • Membership Recruitment: prepare Membership Application, Membership Certificates
- 26 and membership recruitment brochure.
- 27 • Legislation Committee: Sponsor legislation to require annual bond program
- 28 effectiveness and results performance audits as recommended by the Little Hoover
- 29 Commission.

30

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- 32 • Membership Customer Services: prepare database of California CBOCs.
33 • Public Relations: design website and prepare newsletter mailing list.

34 First Annual CABOC President 's Report 2019 – approve President Jack Weir's 2019 Annual
35 Report - approved

36 Executive Assistant, employment part time clerical assistant as independent contractor at \$15
37 per hour, 115 hours currently budgeted for building mailing list and database of CA CBOCs,
38 authorize Anton Jungherr to recruit and hire, about 10 hour per week - approved

39 Appointment Professional Advisor Vanessa Hill, WCCUSD CBOC member. WCCUSD
40 CBOC Audit Subcommittee member, Parent, CPA, forensic auditor - approved

41 Appointment Professional Advisor Linda Lozito, CABOC Graphic Designer and Webmaster,
42 former CALBOC Board Member and former WCCUSD CBOC Member - approved

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DISCUSSION

46 Consider of Cooperation Agreement with CALBOC– consider entering into a Cooperation
47 Agreement between CABOC and CALBOC to implement the Little Hoover Commission
48 recommendations – Jack Weir agreed to draft email to CaLBOC

49 Items for Next or Future Agenda(s)

- 50 • Conflict of Interest Policy. Jack Weir agreed to draft
51 • California Association of Bond Oversight Committee name similar to California
52 League of Bond Oversight Committees

53

54

INFORMATION ONLY

55 Minutes Last Executive Committee meeting, December 17, 2019

56 California State Treasurer John Chiang Task Force on Bond Accountability, Task Force Final
57 Report, December 14, 2015, page 1-5 only. Anton Jungherr has complete report.

58

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60 Future Agenda Items

- 61 • Website
- 62 • Standing Committee Launch
- 63 • Database
- 64 • Conflict of Interest Statement

65 WCCUSD Bond Measure R, \$575 Million, March 3, 2020, Primary Argument Against,
66 signed by Anton Jungherr with identification as Co-Founder, California Association of Bond
67 Oversight Committees

68 On December 12, 2019 Leon Brauning, Napa County, resigned from the Board of Directors.

69 Directory, Board of Directors

70 Executive Committee Work Plan Update January 7, 2020

71

72

73 **ADJOURNMENT**

74 Meeting adjourned by President Jack Weir at 9:52 AM

75

76 Attachment:

- 77 • Standing Committee Assignments

78

79 Date of Minutes: January 11, 2020

80 Minutes prepared by Anton Jungherr, Secretary

81

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5 Executive Committee Minutes, January 7, 2020

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NEXT MEETINGS

85 Executive Committee Schedule (weekly meetings on Tuesday's at 9:00 AM, unless canceled
86 by President)

- 87 • January 21, 2020
- 88 • January 28, 2020
- 89 • Every Tuesday thereafter, unless canceled by President Weir

90 Board of Directors Quarterly Meetings

- 91 • March 2020 (date/time/place TBD)
- 92 • June 2020
- 93 • September 2020
- 94 • December 2020

95 First Annual Membership Meeting

- 96 • January 2021 (date/time/place TBD)

97

98 Agenda approved by President Jack Weir

99 Date of agenda: January 4, 2020

100

101

102 Distribution: Board of Directors and Professional Advisors

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2
3 **Board Standing Committees Missions ¹**

4 **Assignments**

5 **As of January 7, 2020, approved by Executive Committee**

6 **2.00 Training Materials Committee**

7 The Training Materials Committee shall develop, document, acquire and continually
8 improve all materials to train up CBOC's and their members. It shall arrange for the
9 effective delivery of this training, including assessing its effectiveness from time-to-time
10 and from location-to-location. And it shall develop, stock, retain and update as necessary
11 a repository of reference materials for use by CABOC members as well as by CBOC's
12 across the state.

- 13
 - Dena Florez, Chairperson
 - 14 • Gregg Visineau
 - 15 • Chris Hanson
 - 16 • Anton Jungherr

17
18 **Initial assignment January 7, 2020: prepare Member Handbook.**

19
20 **3.00 Membership Recruitment Committee**

21 The Membership Recruitment Committee shall attract, sign up and document new
22 members to CABOC.

- 23
 - Anton Jungherr, Chairperson
 - 24 • Judith Box
 - 25 • Dena Florez

26
27 **Initial assignment January 7, 2020: prepare Membership Application, Membership**
28 **Certificates and recruitment brochure.**

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¹ Extracted from Policy Manual, Board Standing and Ad Hoc Committees, Draft, November 20, 2019, draft
C:\0 Documents\00000 California Association of Bond Oversight Committees 7.2.19\1 Standing Committees Assignments - 12.14.19 - aj.docx

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4.00 Legislation Committee

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The Legislation Committee shall be CABOC's eyes and ears for laws and regulations currently affecting CBOC's; those upcoming or pending which might affect CBOC's; and those ideas which the membership feels should be considered by authorities to better facilities effective, independent oversight by CBOC's.

40

- Andrea Dawson, Chairperson

41

- Ouranar Riddle

42

- Anton Jungherr

43

- Sallie DeWitt

44

- Jack Weir

45

- Nick Marinovich

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Initial assignment January 7, 2020: sponsor legislation to require annual bond program effectiveness and results performance audits as recommended by the Little Hoover Commission.

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5.00 Member Customer Services Committee

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The Member Customer Services Committee shall work to retain members of CABOC by proving those ongoing, regular services which effectively facilitate retention. And those individualized services which, from time-to-time, may also be requested by members.

56

- Nick Marinovich, Chairperson

57

- Carolyn Castillo

58

- Dena Florez

59

- Anton Jungherr

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Initial assignment January 7, 2020: prepare database of California CBOCs.

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6.00 Public Relations Committee

69 The Public Relations Committee shall work to effectively and efficiently project CABOC's
70 business to its members, its customers and its stakeholders.

71 • Gregg Visineau, Chairperson

72 • Dena Florez

73 • Jack Weir

74 • Anton Jungherr

75 • Steve Mick

76

77 **Initial assignment January 7, 2020: design website and prepare newsletter mailing list.**

78

Subject: **First Annual CABOC President's Report**
Date: 12/20/2019 12:12:23 AM Pacific Standard Time
From: jweir39@aol.com
To: AJungherr@aol.com

D-r-a-f-t

The newly formed California Association of Bond Oversight Committees has been successfully launched! CABOC's founding directors have filed all corporate documents and started projects to establish necessary information channels and recruit members and partners in our mission to train and support Prop 39 citizen bond oversight committees (CBOC's).

When the school bond measure Prop 39 was approved and lowered voter approval to 55%, it required that the expenditure of school bonds be overseen by independent watchdog committees, composed of a cross section of community representatives. Their primary duty is to report to the public on school districts' compliance with applicable laws and prudent use of bond money.

Unfortunately, analysis by the Little Hoover Commission and various grand juries revealed that too many CBOC's fail in this oversight responsibility, and too many districts have not managed bond expenditures effectively.

The scope of this problem is large, as billions have been expended without adequate objective oversight, and even more bonds are expected to appear on future ballots.

Working with state agencies and training professionals, CABOC will develop comprehensive education materials, and establish support networks all across the state.

Our new web site - www.bondoversight.org - will be active shortly, with links to training modules and other helpful media.

CABOC is essentially an all-volunteer organization, staffed by current and former CBOC members dedicated to ensuring that taxpayers get maximum bang for their school bond dollars.

Sent from my iPad

December 31, 2019

1.7.20

ju/aj

TO: CaLBOC Board of Directors

FR: Anton Jungherr

RE: California Superior Court, Contra Costa County Case N19-1927, Anton Jungherr v. California League of Bond Oversight Committees (CALBOC)

In my opinion, CaLBOC November 12, 2019 Rebuttal to my case has a number of issues:

- Michael Turnipseed does not have standing. California Law requires an attorney to represent a corporation in court.
- Small Claims mediation resolved the lack of notice of initial expulsion. The Superior Court action is about an expulsion that is "...in good faith and in a fair and reasonable manner."
- The law allows any action challenging expulsion to be commenced within one year after the date of expulsion (August 5, 2019) or August 4, 2020. This was done.
- I was not served with rebuttal.
- Rebuttal was not in proper format.
- A court order to change the venue to Kern County, including proof of service, was not filed with rebuttal.

I am now drafting a Judgment on the Pleadings as provided for in Code of Civil Procedures Section 439. A new law effective January 1, 2018 has a "meet and confer" requirement before a motion for judgment on the pleadings can be filed with the court.

On September 19, 2019 Jack Weir and I co-founded the California Association of Bond Oversight Committees (CABOC), a California Public Benefits Corporation, corporation number 4319346. Internal Revenue Service approved exempt Federal income tax status Section 501 (c) (3) for this new corporation.

The purpose of CABOC and CALBOC are very similar. I think there is a "community of interest" between these two organization.

I propose we settle my lawsuit and that CALBOC and CABOC enter into a cooperation agreement to work together to implement the *Local Bond* recommendations of the February 2017 Little Hoover Commission Report, *Borrowed Money: Opportunities for Stronger Bond Oversight*.

Can we "meet and confer" by telephone on this matter?

Subject: **RE: CALBOC Lawsuit**
 Date: 12/31/2019 2:16:07 PM Pacific Standard Time
 From: mcprose@att.net
 To: ajungherr@aol.com

1.7.20
 gw/HR

Anton,

I think that this letter is OK for a first draft, but it needs to be refined to be strategically effective. I think that you are trying to persuade CALBOC to abandon their gamesmanship and work together with CABOC to achieve our common goals. If these two points are your intention then you are stating too many facts. I think the letter should contain only the minimum relevant facts, such as;

'A few days ago, I obtained a copy Michael Turnipseed's response to my lawsuit to compel some documents from CALBOC. Mr. Turnipseed does not have 'STANDING' to represent CALBOC or anyone but himself. If CALBOC chooses to continue with this gamesmanship, CALBOC must hire a lawyer for representation.

I suggest that we ~~abandon this foolishness~~ ^{we start} and start working together to make Citizen Bond Oversight Committees more effective statewide. On September 19, 2019 Jack Weir and I co-founded the California Association of Bond Oversight Committees (CABOC), a California Public Benefits Corporation, corporation number 4319346. Internal Revenue Service approved exempt Federal income tax status Section 501 (c) (3) for this new corporation. The purpose of CABOC and CALBOC are very similar. I think there is a "community of interest" between these two organization.

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From: Anton Jungherr <ajungherr@aol.com>
Sent: Tuesday, December 31, 2019 12:45 PM
To: ajungherr@aol.com; nickmarinovich52@gmail.com; gvisineau@gmail.com; jweir39@aol.com
Cc: didigolf@sbcglobal.net; mcprose@att.net; lochi510@aol.com; lozito@sbcglobal.net
Subject: CALBOC Lawsuit

See attached draft to settle this lawsuit.

Do you support me sending this email to the CALBOC Board of Directors?

Anton Jungherr

ajungherr@aol.com

Subject: **Re: CALBOC Lawsuit**
Date: 1/1/2020 4:20:42 PM Pacific Standard Time
From: didigolf@sbcglobal.net
To: ajungherr@aol.com

I would omit the word “abandon this foolishness” from below. You had sound reasons for your lawsuit — makes it sound like your lawsuit has no merit or was just a “foolish” act on your part which is untrue.

Perhaps replace the above statement with ,
“In order to save all parties the time and expenses in a protracted lawsuit, I would be willing to drop my lawsuit

On Jan 1, 2020, at 12:50 PM, Anton Jungherr <ajungherr@aol.com> wrote:

Thanks.

Will add this matter to January 7, 2020 CABOC Executive Committee agenda.

Anton Jungherr

ajungherr@aol.com
510.697.7212 cell

In a message dated 12/31/2019 2:16:07 PM Pacific Standard Time, mcprose@att.net writes:

Anton,

I think that this letter is OK for a first draft, but it needs to be refined to be strategically effective. I think that you are trying to persuade CALBOC to abandon their gamesmanship and work together with CABOC to achieve our common goals. If these two points are your intention then you are stating too many facts. I think the letter should contain only the minimum relevant facts, such as;

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Sent: Tuesday, December 31, 2019 12:45 PM

To: ajungherr@aol.com; nickmarinovich52@gmail.com; gvisineau@gmail.com; jweir39@aol.com

Cc: didigolf@sbcglobal.net; mcprose@att.net; lochi510@aol.com; lozito@sbcglobal.net

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ajungherr@aol.com

510.697.7212 cell

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4 Executive Committee Minutes, December 17, 2019

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6

7

Standing Weekly Executive Committee meetings on Tuesday's at 9:00 am, unless cancelled by President.

8

Zoom Call Instructions: meeting ID 483 227 641, password 989031, 1.669.900.6833

9

[REDACTED]

10

invited, but not requested, to attend the Executive Committee meeting on [REDACTED]

11

Please silence your cell phone.

12

MINUTES

13

Day/Date: Tuesday, December 17, 2019

14

Time: 9:00 AM

15

Place: Jack Weir's home, 31 Bandridge Place, Pleasant Hill, CA and Zoom

16

Executive Committee members present: Jack Weir and Anton Jungherr

17

Executive Committee members absent: Nick Marinovich and Gregg Visineau

18

A quorum of the Executive Committee was not present. No actions were taken.

19

Board member present on Zoom: Dena Florez

20

Professional Advisor present: Marcus Crawley

21

Call to Order – Jack Weir at 9:19 AM

22

Standing Committees Assignments –first review and tentative assignment of Board Members to standing committees and select Chairs - No action taken.

23

24

Clerical Assistant, employment part time clerical assistant as independent contractor at \$15 per hour, 115 hours currently budgeted for building mailing list and database of CA CBOCs, authorize Anton Jungherr to recruit and hire. No action taken.

25

26

27

Appointment Professional Advisor Vanessa Hill, WCCUSD CBOC member. WCCUSD

28

Audit Subcommittee, Parent, CPA, forensic auditor. No action taken.

29

Good of the Order - none

30

Items for Next or Future Agenda(s) - none

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31

32 Adjournment at 10:00 AM

33 Future Agenda Items

- 34 • Website
- 35 • Standing Committee Launch
- 36 • Database
- 37 • Conflict of Interest Statement

38 Minutes prepared by Anton Jungherr, Secretary

39 January 3, 2020

40

41

42

NEXT MEETINGS

43 Executive Committee Schedule (weekly meetings on Tuesday's at 9:00 AM, unless canceled
44 by President)

- 45 • January 7, 2020 (Gregg Visineau not available)
- 46 • January 14, 2020
- 47 • Every Tuesday thereafter, unless canceled by President Weir

48 Board of Directors Quarterly Meetings

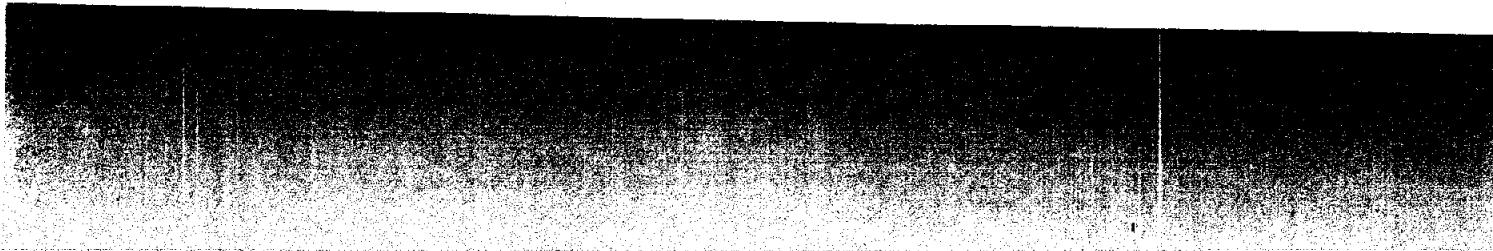
- 49 • March 2020 (date/time/place TBD)
- 50 • June 2020
- 51 • September 2020
- 52 • December 2020

53 First Annual Membership Meeting

- 54 • January 2021 (date/time TBD)

55

56 Distribution: Board of Directors and Professional Advisors





TASK FORCE ON BOND ACCOUNTABILITY

915 Capitol Mall, Room 400
Sacramento, CA 95814
P.O. Box 942809
Sacramento, CA 94209-0001
p (916) 653-3269
f (916) 654-7440
cdiac@treasurer.ca.gov
www.treasurer.ca.gov

December 23, 2015

State Treasurer John Chiang
915 Capitol Mall
Sacramento, CA 95814

Treasurer Chiang:

On behalf of the members of the Task Force on Bond Accountability, we present to you our final Report. This Report includes numerous observations based upon public hearings and presentations made to the Task Force. It also includes a set of Best Practice Guidelines that should serve as a model for public agencies throughout the State as well as the nation. It is the Task Force's expectation that these Guidelines should become a standalone document and perhaps incorporated into the CDIAc Debt Primer.

The Guidelines were developed recognizing that there was a lack of commonly accepted best practices that public agencies might adopt to ensure that bond funds were being used for only legal and intended purposes. The absence of guidelines represented a significant deficiency in the body of knowledge concerning the fiduciary care and use of state and local bond proceeds.

Over the course of eight months the Task Force dedicated itself to fulfilling the mission you laid out, which was to propose new safeguards against theft and misuse of bond funds in California. The Task Force believes that the final Report, along with a set of best practice guidelines will enable public agencies to provide their taxpayers the requisite assurance that the bond funds they have approved are being used for legal and intended purposes.

Representing all of the members of the Task Force, we want to express our gratitude to you for your leadership on this important issue and for the trust you placed in us to coordinate and direct this work. We are confident that with your continued interest and support the guidelines developed by the Task Force will be universally adopted by public agencies in California.

Sincerely,

Fred Keeley

Jay M. Goldstone

CHAIRS

JAY GOLDSTONE
Managing Director,
Public Finance
MUFG Americas

FRED KEELEY
Former Speaker
Pro Tempore
California Assembly

MEMBERS

JIM BEMIS
Principal
Montague DeRose
and Associates

ROBERT CAMPBELL
Auditor - Controller
Contra Costa County

CARRIE CORDER
Assistant General
Manager/CFD
Cucamonga Valley
Water District

ANDREW FINLAYSON
Bureau Chief, Audits Division
State Controller's Office

BLAKE FOWLER
Director, Public Finance
Division
State Treasurer's Office

WILLIAM HOLDER
Dean
University of Southern
California Leventhal
School of Accounting

ANA MATOSANTOS
Principal
Matosantos Consulting

JENNY SALKELD
Chief Financial Officer
San Diego Unified
School District

NADIA SESAY
Director
San Francisco Controller's
Office of Public Finance

BOB WHALEN
Mayor
City of Laguna Beach

Executive Summary

Both households and businesses employ measures to ensure they properly manage their money. Individuals may compare expenses to an account statement sent by the bank while a business may conduct a “three-way match” of the invoice, requisition, and payment to ensure that payments are both valid and accurate.

A three-way match represents what accountants and auditors refer to as a control activity. A number of control activities roll up into a control system. A control system is a set of processes and procedures designed to give managers a reasonable assurance that the agency’s resources – principally its money – are being used properly. No matter how well-designed the control system, however, there is always a chance that a determined individual will fraudulently misuse resources. But without an internal control system management has no reasonable assurance that this is not regularly occurring.

While almost all public agencies use three-way matching to pay invoices from contracts, purchase orders, and others claims, they may not always use these procedures to review and approve payments from bond funds.¹ Both the federal and state governments have adopted laws that narrowly limit the use of proceeds as a way to strictly control the use of the bonding authority. These laws require, among other things, that bond proceeds be used for public purposes as well as the intended purposes stated in the bond documents or subsequent amendments, that they be spent within a specified period of time, and that they not be used to benefit from arbitrage. As a result of these and other limitations the administration and management of bond funds is a more complicated task, requiring more specialized knowledge, than the management of other governmental funds. The additional burden imposed by these rules may lead public agencies to establish different procedures to manage the use of bond funds than used to manage other funds. These alternative procedures may, on occasion, lack rigorous internal controls.

California public agencies have issued \$1.4 trillion in debt in the past 25 years. During this time there have been only a few cases of fraud leading to the misuse or loss of bond funds. Nonetheless, without adequate internal controls, public managers cannot profess with a reasonable assurance that bond funds are being used for their intended purposes. California State Treasurer John Chiang recognized that California public agencies have at their disposal a number of manuals and instructional guides describing how to administer their bond funds, but they lacked a comprehensive set of practices that can help to provide these agencies an assurance that their bond funds were being spent properly. To address this he convened a group of public finance professionals and representatives of state and local agencies to consider the need to guide public agencies in creating internal controls over the use of bond funds.

The group, named the Task Force on Bond Accountability, met five times over a period of eight months. It heard from accountants, auditors, public agencies, treasurers, and other members of the public and it gathered information and identified current control practices and recommended best practices. This report is an account of the efforts of the Task Force to identify current practices, to evaluate them, to recommend improved practices, and to find ways to imbed these practices in the day-to-day operations of public agencies.

¹ References to “bond financing” and “bond documents” are not intended to suggest that the recommendations and best practices contained herein be limited to debt incurred through the sale of bonds. Many of the recommendations and best practices may be equally valuable to improving the management of proceeds of other debt instruments as well.

Among its observations, the Task Force recognized that the responsibility for establishing an internal control systems lies with the governing body. It is the duty of the governing body to provide the direction and resources to establish and maintain an internal control system that provides reasonable assurance that bond funds are used for legal and intended purposes and in compliance with all requirements. The Task Force heard presentations affirming the fact that public agencies that issue debt come in all sizes and shapes and some smaller agencies may lack the internal resources to conduct a three-way match of payments. To address this, the Task Force recommends such agencies create compensating controls, including timely post-audit testing of payments, or they procure external professional services to fill the gaps in their administrative systems. Regardless of who implements the control system, however, the governing body continues to hold a fiduciary responsibility with regard to the management of the agency's funds.

The Task Force paid special attention to the challenges posed by conduit financings to the use of an internal control system. In a conduit financing a public or quasi-public agency, typically a financing authority representing one or more public entities, issues debt on behalf of a public or private borrower. The financing authority acts as a conduit for the borrower by providing the borrower access to debt financing, which is typically tax-exempt. Because the issuer and borrower are not necessarily related entities, some accounting, recordkeeping, and reporting functions may be handled by the conduit issuer, giving the borrower varying degrees of control over the bond funds. Even if the borrower has developed an adequate internal control system it may not always cover the operations of the conduit issuer. As a result, the Task Force recommends that borrowers assume responsibility for the bond funds and develop the appropriate legal and administrative framework to ensure that the bond funds are subject to its internal control system.

Based upon the Task Force's observation that some public agencies may not have an adequate control system to manage their bond funds, the report includes a set of 17 guidelines that, if used, will help to ensure that bond funds are appropriately managed. These guidelines do not themselves provide public agencies sufficient instructions to establish and maintain an internal control system. Instead they are intended to be layered on top of an existing system for the purposes of providing and strengthening controls over the management of bond funds.

The Task Force believes there is additional work to be done to help public agencies improve the management of their bond funds. This includes additional guidance on how to implement the guidelines, programs to educate elected officials and managers on the guidelines, and greater openness about the use of bond funds. With regard to this last point, the Task Force believes that public agencies should create channels, whether citizen's committees or websites, to explain to taxpayers what they do with the money received from selling bonds.