

Rancho Santiago Community College District
2323 N. Broadway
Santa Ana, CA 92706

MEASURE E – CITIZENS’ BOND OVERSIGHT COMMITTEE
Thursday, May 26, 2016 - 6:30 p.m.
Santa Ana College, Foundation Board Room (S-215)

- | | | |
|-----|---|--------------------|
| 1. | Call to Order and Introductions | <u>Information</u> |
| 2. | Annual Organizational Meeting <ul style="list-style-type: none">• Election of Committee Officers (Chair and Vice-Chair)• Adoption of schedule of meeting dates for 2016/17<ul style="list-style-type: none">September 8, 2016January 12, 2017 (annual organizational)• Affirmation of the Citizens’ Bond Oversight Committee Ethics Policy Statement• Affirmation of Bylaws | <u>Action</u> |
| 3. | Public Presentations
The public is invited to directly address the committee on any item of interest that is within the subject matter jurisdiction of the Bond Oversight Committee. The committee is not permitted to take action on any item not appearing on the agenda. The chairman may limit the time allocated to such comments from the public. | |
| 4. | Approval of Minutes – June 23, 2015 Minutes, September 24, 2015 Notes and October 20, 2015 Minutes | <u>Action</u> |
| 5. | Approval of the Measure E – June 30, 2015 Audits (Performance and Financial) | <u>Action</u> |
| 6. | District Update – Dr. Raúl Rodríguez, Chancellor | <u>Information</u> |
| 7. | Bond Projects Update – Carri Matsumoto, Assistant Vice Chancellor, Facility Planning | <u>Information</u> |
| 8. | Bond Budget Update – Adam O’Connor, Assistant Vice Chancellor, Fiscal Services | <u>Information</u> |
| 9. | College Updates:
Santa Ana College – Dr. Erlinda Martinez, President
Santiago Canyon College – Dr. John Weispenning, President | <u>Information</u> |
| 10. | Comments from Members | <u>Discussion</u> |
| 11. | Adjournment | <u>Action</u> |

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for Committee members to follow while carrying out their roles. Not all ethics 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 business 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 Rancho Santiago Community College District.
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interest of the member.

CITIZENS' BOND OVERSIGHT COMMITTEE

BYLAWS AND GUIDELINES

Section 1. Committee Established. The Rancho Santiago Community College District (the "District") was successful at the election conducted on November 5, 2002 (the "Election"), in obtaining authorization from the District's voters to issue up to \$337,000,000 aggregate principal amount of the District's general obligation bonds. 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 Committee in order to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Rancho Santiago Community College District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws and Guidelines. 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 and Guidelines 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 to the Committee as shall be 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 Measure E. 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 expenditure of bond proceeds.
- 3.2 **Review Expenditures.** The Committee may review periodic 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, the 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/Chancellor. Either the Board or the Chancellor, 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 plan and schedules,
 - (vi) Approval of Scheduled Maintenance Plan,
 - (vii) Approval of the sale of bonds, and
 - (viii) Approval of the Five-Year Capital Outlay Plan
- 3.5 Voter-Approved Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for:
- (a) Projects financed through the State of California, 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, soils 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 firms(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 out the 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 recommendation.
- (h) The amendment or modification of the bylaws for the Committee as provided herein, subject to the legal requirements of Proposition 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 function 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 XIII A of the California Constitution.
 - (b) Inspect college facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Vice Chancellor of Business Operations/Fiscal Services.
 - (c) Review copies of scheduled maintenance proposal or plans developed by the District.
 - (d) 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) student enrolled and active in a community college support group, such as student government.
- 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 active in a support organization for the college, such as the Santa Ana College Foundation and the Santiago Canyon College Foundation.
- Two (2) members of the community at-large appointed by the Board, with one member representing Santa Ana College and one member representing Santiago Canyon College.

5.2 Qualification Standards.

- (a) To be a qualified person, he or she must be at least 18 years of age 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 and guidelines.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, beginning January 1, 2003. No member may serve more than three (3) consecutive terms. At the Committee's first meeting, members will draw lots to select a minimum of four members to serve for

an initial one (1) year term and the remaining members for an initial (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 Chancellor or his designee will review the applications; (c) the Chancellor 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 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 unless a majority of the members of the Committee have voted express authority to do so. (b) Individual members of the Committee retain the right to address the Board, either on behalf of the Committee or 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 organization meeting to be held in January.
- 6.2 Location. All meetings shall be held within the Rancho Santiago Community College District, located in Orange County, California
- 6.3 Procedures. All meeting 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 *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 Chancellor 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 consecutive terms.

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

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.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY, DISTRICT BOARD ROOM
SANTA ANA, CA 92706**

**MEASURE E CITIZENS' BOND OVERSIGHT COMMITTEE
TUESDAY, JUNE 23, 2015**

MINUTES

Members Present: Carol Chaney
Larry Cohn
Phillip Hummel
Hector Soberano
Kenneth Purcell
William Thornton
Trustee Nelida Mendoza Yanez

Members Absent: Luis Vargas

District Staff Present: Raúl Rodríguez, Chancellor
Peter Hardash, Vice Chancellor, Business/Fiscal
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning
Adam O'Connor, Assistant Vice Chancellor, Fiscal Services
Erlinda Martinez, President at Santa Ana College
John Weispfenning, President of Santiago Canyon College

Guests: Darryl Taylor, Director of District Construction & Support Services

1. Call to Order and Introductions
Ms. Chaney called the meeting to order at 6:06 p.m.
2. Public Presentations
There were no public presentations.
3. Approval of Minutes – January 15, 2015
Mr. Purcell made a motion to approve the Minutes of the January 15, 2015 Measure E Citizens' Bond Oversight Committee meeting. The motion was seconded by Mr. Hummel and approved unanimously by the Committee.
4. District Update – Dr. Raúl Rodríguez
Dr. Rodríguez informed the committee that this year there is a banner budget, probably the best budget the community colleges will ever see. One-time monies will bring RSCCD approximately \$16 million and an additional \$7 to \$8 million more in CDCP which will now be the same rate as credit. We have some structural issues that this one-time money will help with. However, there is a warning from the Governor and folks in Sacramento to be very cautious and save some of these funds as bad times are bound to come back again in the very near future.

The district gets to determine where the one-time money goes, however there are some areas we can use that money like the STRS and PERS increase cost to the district, the OEC renovations and some ADA issues the district is addressing.

5. Bond Projects Update

Ms. Matsumoto reviewed with the committee the Measure E Projects Update dated June 23, 2015. Ms. Matsumoto highlighted the following projects:

- Active Projects, at Santa Ana College
 - Johnson Relocation Temporary Village
 - Dunlap Hall Renovation
 - Chavez Hall Renovation
- At Santiago Canyon College:
 - Orange Education Center Building Certification
 - U Portable Certification
- At the District/Districtwide:
 - Division of State Architect Projects Certification
- Measure E Completed Projects at Santa Ana College
 - Perimeter Site Improvements
 - Building G Renovation
 - Artesia Street Improvements
 - Property Acquisition of 17th Street & Bristol Street
 - Dunlap Hall Renovation (Design phase only)
 - Temporary Village
 - Parking Lot 11 & Site Improvements
 - Tessman Planetarium Upgrade & Restroom Addition
 - Temporary Village
- At Santiago Canyon College:
 - Humanities Building
 - Athletics and Aquatics Center
 - Athletic Field Fencing
 - Science and Math Building
 - Maintenance & Operations Building including the Chapman Entry and Learning Resource Center Parking Lot
 - Student Services Instruction Building
 - New Parking Lot 1
 - Exterior Signage at Buildings D, G, H, L & SC
- District/Districtwide:
 - Division of the State Architect Projects Certifications for completed buildings and renovations

Ms. Matsumoto added the following:

- Dunlap Hall – currently painting the exterior, painting the interior classrooms, installation of bathroom accessories and partitions. The panels on the outside of the building and guardrails at the stairways are almost complete.
- Chavez Building – This is a multi-phase project due to the significant budget shortfall, a \$400,000 scheduled maintenance budget. Currently investigating the moisture in the envelope of the building. Soil is being tested as the concrete foundation of the building has moisture. The Board of Trustees approved the geotechnical consultant on June 15th. This building is almost 20 years old.
- Johnson Relocation Temporary Village – Once the Dunlap Hall occupants move back into their building, modifications to the Temporary Village will be made for the

existing occupants of the Johnson Center so they can move in. The target construction is February through April 2016 with a target move in the spring of 2016.

- Orange Education Center: Currently a \$16 million budget however, this project will most likely cost in excess of \$21 million, still waiting on the findings of the testing which is required by DSA. The option selected is a partial demolition with less square footage, from the current 83,000 s.f. to 63,000 s.f. to accommodate the program needs. This option includes more parking spaces.
- SCC U Portables Certifications – This project is at the end of design phase and ready for full plan check by DSA. The project will go out to bid by the end of the summer or early fall depending on how long it is in DSA.
- DSA Architect Certification – This is an ongoing project, 26 projects have been closed out to date, one remaining and now working with Fiscal to clean up budgets from projects that have been closed out.

6. Bond Budget Update

Mr. O'Connor reviewed the Measure E projects summary dated June 10, 2015. Fiscal year-end is seven days away. Fiscal and Facility Planning, through the year-end closing process, will clean up the remaining budgets from the completed projects. Only six remaining active projects at this time. Only \$9.5 million left in Measure E. At the next meeting the remaining projects and budgets will be reviewed as we wind down this bond.

7. Santa Ana College Update

Dr. Martinez provided a report to the committee on the construction progress; BA degrees; SAC received full accreditation with no sanctions or warnings; enrollment and athletics activities at Santa Ana College. The Santa Ana College Centennial Celebration birthday party, the first of many celebrations, will be at the SAC campus on Saturday, September 19, 2015 at 5:00 p.m. and include fireworks at the end of the evening.

Santiago Canyon College Update

Mr. Weispfenning provided a report to the committee on the construction progress; moving staff and faculty to new offices from the portables; student equity; enrollment and activities at Santiago Canyon College.

8. Annual Report to the Community – 2014-15

Mr. Hardash reviewed a draft calendar for the production of the Measure E Citizens' Bond Oversight Committee Annual Report to the Community 2014-15. A draft will come to this committee at the next meeting for review, edits and approval. Once in final format the report will go to the Board of Trustees. The report will be available on the district website.

9. 2016 Meeting Schedule

Mr. Hardash reviewed the draft meeting schedule for 2016. The proposed dates are January 21, 2016 at the District Office, May 5, 2016 at Santa Ana College and September 8, 2016 at Santiago Canyon College. This schedule includes a tour of the Measure E projects on each of the campuses.

10. Other/Comments from the Members

There were no comments.

11. Adjournment

A motion was made, seconded and passed to adjourn the meeting at 6:53 p.m. The next meeting is scheduled for September 10, 2015, 6:00 p.m.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY, DISTRICT BOARD ROOM
SANTA ANA, CA 92706**

**MEASURE E CITIZENS' BOND OVERSIGHT COMMITTEE
THURSDAY, SEPTEMBER 24, 2015**

NOTES

Members Present: Carol Chaney
Larry Cohn
Phillip Hummel

District Staff Present: Raúl Rodríguez, Chancellor
Peter Hardash, Vice Chancellor, Business Operations/Fiscal Services
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning
Adam O'Connor, Assistant Vice Chancellor, Fiscal Services
Erlinda Martinez, President at Santa Ana College
John Weispfenning, President of Santiago Canyon College

1. Call to Order and Introductions
Ms. Chaney called the meeting to order at 6:06 p.m.
2. Public Presentations
There were no public presentations.
3. Approval of Minutes – June 23, 2015
Due to a lack of quorum the approval of the June 23, 2015 meeting Minutes will be moved to the next meeting.
4. District Update
Dr. Rodríguez informed the committee that the Santiago Canyon College Science Building received the 2015 Board of Governors Energy and Sustainability Award in the Proposition 39 Commissioning Project Category. The Retro-commissioning Project at the Science Building scored highest in this category for this year. Santa Ana College received an honorable mention for the overall best project, for the interior LED lighting retrofit. Of five awards, RSCCD received two.
5. Bond Projects Update
Ms. Matsumoto reviewed with the committee the Measure E Projects Update dated September 24, 2015. Ms. Matsumoto highlighted the following projects:
 - Active Projects, at Santa Ana College
 - Temporary Village: Relocation of current Johnson Center programs will move into the Village. This project will go into DSA for approval. Tenant improvements in February 2016 and a tentative date of occupancy in spring of 2016.
 - Dunlap Hall Renovation: Current activities include painting of exterior building, grading for hardscaping. The roof will be replaced following the renovation of work under another contract.

- Chavez Hall Renovation: Geotechnical investigation is underway, water is penetrating the foundation areas need to be identified and a plan in place for remediation.
- At Santiago Canyon College:
 - Orange Education Center Building Certification: Investigative testing has been completed and is now in schematic design. Cost estimating is underway and construction schedule is under review. This project has an original budget of \$16 million and a total of \$21 million. Estimates are coming in much higher and options are being evaluated.
 - U Portable Certification: Programming and design is completed. Project was submitted to DSA in August 2015 with an anticipated start of construction in spring/summer 2016.
 - Aquatics Building Exterior Bleachers: Architect has commenced design with DSA submittal in December 2015. The anticipated start of installation is February 2016.

6. 2014-15 Citizens' Bond Oversight Committee Annual Report to the Community

Mr. Hardash reviewed the annual report with the committee, however, due to a lack of quorum, a meeting will be scheduled within the next few weeks for review, edits and approval of the report. Mr. Hardash was asked to contact Bond Counsel to determine whether or not this action can be taken by phone. Once the report is approved by this committee, it will be submitted to the Board of Trustees and will be published on the district website.

7. Bond Budget Update

Mr. O'Connor reviewed the Measure E projects summary dated September 17, 2015. There are now six active projects on the first page of the spreadsheet, all completed projects and those pending closeout are on the second page of the spreadsheet. There were no questions from the committee.

8. Santa Ana College Update

Dr. Martinez stated that the campus is anxious to move back into Dunlap Hall. On September 19th, the campus celebrated their 100th birthday and attendance was estimated at 6,000-7,000 attendees. An open house has been scheduled on March 12, 2016 from 10-2. Information will be forwarded when available. SAC centennial gear is available for sale on-line.

Santiago Canyon College Update

Mr. Weispfenning provided a report to the committee on the construction progress. The D Building will now be the new home of the Math department when renovations are complete. Credit enrollment is about 2% off from last year, however, a marketing campaign is being worked on. SCC was voted one of the top best colleges to work for, one of four colleges in the country. EdSmart listed SCC in the top ten colleges in the greater Los Angeles area.

9. Other/Comments from the Members

Committee members asked approximately how many meetings will be scheduled for this group. Mr. Hardash stated the last meeting would be after all funds have been expended and a final annual report and audit have been completed.

10. Adjournment

A motion was made, seconded and passed to adjourn the meeting at 6:50 p.m. The next meeting, for the review and approval of the Annual Report will be scheduled, proposed dates will be emailed to the committee. Meetings will be scheduled at the campuses in May and September 2016 and will include tours of all the Measure E completed projects.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY, DISTRICT BOARD ROOM
SANTA ANA, CA 92706**

**MEASURE E CITIZENS' BOND OVERSIGHT COMMITTEE
TUESDAY, OCTOBER 20, 2015**

MINUTES

Members Present: Larry Cohn
Phillip Hummel
Hector Soberano
Kenneth Purcell
William Thornton
Trustee Nelida Mendoza Yanez

District Staff Present: Peter Hardash, Vice Chancellor, Business/Fiscal
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning
Adam O'Connor, Assistant Vice Chancellor, Fiscal Services
John Weispfenning, President of Santiago Canyon College

1. Call to Order and Introductions
Mr. Purcell called the meeting to order at 6:05 p.m.
2. Public Presentations
There were no public presentations.
3. Annual Report to the Community – 2014-15
Mr. Hardash reviewed the draft report of the Measure E Citizens' Bond Oversight Committee Annual Report to the Community 2014-15. The report includes a list of projects, budgets, photos and a list of committee members and Trustees. The audited numbers in the report have been provided by the District's external auditors and once again "present fairly" which means a clean audit. A motion was made by Mr. Hummel, seconded by Mr. Cohn and approved unanimously to publish the report and submit it to the Board of Trustees.
4. Adjournment
A motion was made, seconded and passed to adjourn the meeting at 6:10 p.m. The next meeting is scheduled for January 21, 2016, 6:00 p.m.



To the Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We have audited the financial statements of the Measure E Revenue Bond Construction Fund of Rancho Santiago Community College District (the District) for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 25, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the District's Measure E Revenue Bond Construction Fund financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted in completing our audit.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

To the Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Communication With Governance
Page 2 of 2

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2015.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Board of Trustees, management of the Rancho Santiago Community College District, and the Rancho Santiago Citizens' Oversight Committee. It is not intended to be, and should not be, used by anyone other than these specified parties.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE E
REVENUE BOND CONSTRUCTION FUND
AUDIT REPORT**

JUNE 30, 2015

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE E
REVENUE BOND CONSTRUCTION FUND**

FINANCIAL AUDIT

JUNE 30, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**FINANCIAL AUDIT
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Rancho Santiago Community College District (the District), Measure E Revenue Bond Construction Fund (Measure E), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure E Revenue Bond Construction Fund (Measure E) of the District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure E Revenue Bond Construction Fund specific to Measure E, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the District's Measure E Revenue Bond Construction Fund (Measure E) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure E Revenue Bond Construction Fund (Measure E) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinich, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**BALANCE SHEET
JUNE 30, 2015**

ASSETS

Investments	\$ 12,683,973
Accounts receivable	39,766
Due from other funds	42,490
Total Assets	<u><u>\$ 12,766,229</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 330,776
Due to other funds	113,100
Total Liabilities	<u><u>443,876</u></u>

FUND BALANCE

Restricted	
Capital projects	12,322,353
Total Liabilities and Fund Balance	<u><u>\$ 12,766,229</u></u>

The accompanying notes are an integral part of these financial statements.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Local revenues \$ 59,650

EXPENDITURES

Current Expenditures

Services and other expenditures	9,981
Capital outlay	<u>6,200,157</u>
Total Expenditures	<u><u>6,210,138</u></u>

DEFICIENCIES OF REVENUES OVER EXPENDITURES (6,150,488)

FUND BALANCE, BEGINNING OF YEAR 18,472,841

FUND BALANCE, END OF YEAR \$ 12,322,353

The accompanying notes are an integral part of these financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure E Revenue Bond Construction Fund (Measure E) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting

The audited financial statements include only the Measure E Revenue Bond Construction Fund of Rancho Santiago Community College District (the District). This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bond Election of November 2002. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure E Revenue Bond Construction Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure E Revenue Bond Construction Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance - Governmental Funds

As of June 30, 2015, the fund balance of the Measure E Revenue Bond Construction Fund was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which are recorded on the amortized cost basis.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Investment Pool. The District maintains an investment of \$12,683,973 with the Orange County Investment Pool. The fair value of this investment is approximately \$12,691,781 with a weighted average maturity of 370 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Investment Pool is rated AAAM/AAM by Standard & Poor's.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2015, consist of the following:

Interest income	\$	4,816
Other local		<u>34,950</u>
Total	\$	<u><u>39,766</u></u>

NOTE 4 - DUE FROM OTHER FUNDS

Due from Measure Q Revenue Bond Construction Fund	\$	<u><u>42,490</u></u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

Vendor payables	\$	<u><u>330,776</u></u>
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NOTE 6 - DUE TO OTHER FUNDS

Due to Measure Q Revenue Bond Construction Fund	\$	<u><u>113,100</u></u>
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NOTE 7 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects		<u><u>\$ 12,322,353</u></u>
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**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2015, the Measure E Revenue Bond Construction Fund had the following significant construction commitments as defined by the bond documents:

	<u>Spent to Date</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Santa Ana College			
Perimeter Site Improvements	\$ 6,483,615	\$ 116,503	2016
Chavez Hall Renovation	92,867	68,002	2017
Temporary Village Phase 2	5,795	32,205	2016
Santiago Canyon College			
Orange Education Center Building Certification	684,592	1,889,778	2018
Building U Portables Certification	25,965	62,565	2016
	<u>\$ 7,292,834</u>	<u>\$ 2,169,053</u>	

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District's Measure E Revenue Bond Construction Fund at June 30, 2015.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Rancho Santiago Community College District (the District) Measure E Revenue Bond Construction Fund (Measure E), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2015.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure E Revenue Bond Construction Fund specific to Measure E, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure E Revenue Bond Construction Fund (Measure E) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure E Revenue Bond Construction Fund (Measure E) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure E Revenue Bond Construction Fund (Measure E) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure E Revenue Bond Construction Fund (Measure E) financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure E Revenue Bond Construction Fund (Measure E) of the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure E Revenue Bond Construction Fund (Measure E) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure E Revenue Bond Construction Fund (Measure E) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

There were no audit findings reported in the prior year's Schedule of Financial Statement Findings.

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE E
REVENUE BOND CONSTRUCTION FUND
PERFORMANCE AUDIT**

JUNE 30, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**PERFORMANCE AUDIT
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We were engaged to conduct a performance audit of Rancho Santiago Community College District (the District) Measure E Revenue Bond Construction Fund (Measure E) for the year ended June 30, 2015.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure E Revenue Bond Construction Fund (Measure E) only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2015

AUTHORITY FOR ISSUANCE

The Measure E Revenue Bond Construction Fund (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The District received authorization from an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$337,000,000 to finance the acquisition, construction, and modernization of certain property and District facilities. The Measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

In March 2003, the District issued General Obligation Bonds, Election of 2002, Series 2003A in the amount of \$96,125,000. The Series 2003A Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County on February 11, 2003, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on January 13, 2003. The Bonds represent the first series of bonds sold within the Authorization.

In February 2005, the District issued General Obligation Bonds, Election of 2002, Series B in the amount of \$119,999,867.25. The Series B Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County on January 11, 2005, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on December 13, 2004. The Bonds represent the second series of bonds sold within the Authorization.

In September 2006, the District issued General Obligation Bonds, Election of 2002, Series C in the amount of \$120,874,238.55. The Series C Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County on September 12, 2006, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on August 28, 2006. The Bonds represent the third series of bonds sold within the Authorization and will account for substantially all of the remaining amount of Authorization.

In August 2005, the District issued 2005 General Obligation Refunding Bonds, in the amount of \$53,559,298.50. The Refunding Bonds were authorized to be issued by a resolution adopted by the Board of Trustees of the District on March 8, 2005. The Bonds were issued to advance refund a portion of the General Obligation Bonds, Election of 2002, Series 2003A Bonds.

In November 2011, the District issued 2011 General Obligation Refunding Bonds, in the amount of \$10,300,000. The Refunding Bonds were authorized to be issued by a resolution adopted by the Board of Trustees of the District on October 10, 2011. The Bonds were issued to advance refund a portion of the General Obligation Bonds, Election of 2002, Series 2003A Bonds.

In March 2012, the District issued 2012 General Obligation Refunding Bonds, in the amount of \$62,985,000. The Refunding Bonds were authorized to be issued by a resolution adopted by the Board of Trustees of the District on February 27, 2012. The Bonds were issued to advance refund a portion of the General Obligation Bonds, Election of 2002, Series A and Series B Bonds.

In January 2013, the District issued 2013 General Obligation Refunding Bonds, in the amount of \$79,130,000. The Refunding Bonds were authorized to be issued by a resolution adopted by the Board of Trustees of the District on December 10, 2012. The Bonds were issued to advance refund a portion of the General Obligation Bonds, Election of 2002, Series B and Series C Bonds.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2015

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purpose specified in the District bond proposition submitted at the Election, which include the purposes of improving safety and the quality of education in the District by helping to finance the acquisition, construction, and modernization of certain property and District facilities.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school district, community college districts, or county offices of education for the following: "construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reduction of the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other District operating expenses.
2. The District must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety and information technology needs in developing the project list.
3. Requires the District to appoint a Citizens' Oversight Committee.
4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until after all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of the Measure E.
2. Determine whether salary transactions charged to the Bond Funds were in support of Measure E and not for District general administration or operations.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2015

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 through June 30, 2015. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the Bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, for the Measure E Revenue Bond Construction Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for all expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure E as to the approved bond projects list. We performed the following procedures:

1. Determine District procedures for disbursement of funds related to the voter approved Measure E General Obligation Bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof; including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our objective.
2. Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Expenditures from all projects will be included in the sample.

CONCLUSION

We reviewed construction expenditures totaling 54 percent of all expenditures from the detailed accounting of expenditures. Our sample included transactions totaling \$3,344,453 of the total expenditures of \$6,210,138. The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Measure E Revenue Bond Construction Fund and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bond Funds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

None reported.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E REVENUE BOND CONSTRUCTION FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2015**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.



CITIZENS' BOND OVERSIGHT COMMITTEE MEETING PROJECT UPDATES MAY 26, 2016





ACTIVE PROJECTS

Santa Ana College

- ▶ Chavez Hall Renovation
- ▶ Temporary Village Phase 2

Santiago Canyon College

- ▶ Orange Education Center Building Certification
- ▶ U Portable Certification
- ▶ Aquatics Center Pool Bleachers

Santa Ana College

- ▶ Perimeter Site Improvements
- ▶ Building G Renovation
- ▶ Artesia Street Improvements
- ▶ Property Acquisition of 17th/Bristol St. Lot
- ▶ Central Plant (Design)
- ▶ Dunlap Hall Renovation (Design)
- ▶ Temporary Village
- ▶ Parking Lot II & Site Improvements
- ▶ Tessmann Planetarium & Restroom Addition
- ▶ Dunlap Hall Renovation

Santiago Canyon College

- ▶ Humanities Building
- ▶ Athletics and Aquatics Center
- ▶ Athletic Field Fencing
- ▶ Science and Math Building
- ▶ Maintenance & Operation Building and Chapman Entry/LRC Parking Lot
- ▶ Student Services Instruction Building
- ▶ New Parking Lot I
- ▶ Exterior Signage at Buildings D, G, H, L & SC

District/Districtwide

- ▶ Division of the State Architect Projects Certification



PROJECT UPDATE SANTA ANA COLLEGE DUNLAP HALL RENOVATION

Project Summary:

- ▶ Renovate and replace the aging guard rails around the pedestrian walkways on all levels of Dunlap Hall, as well as, providing a new elevator and stair tower.
- ▶ Remodel the existing restrooms to current code.

Current Status:

- ▶ All classrooms and occupants moved back in Dunlap Hall for the commencement of the Spring 2016 semester.



Budget:

- ▶ \$4.17 million (remainder funded by Measure Q)

Note: in April 2016, the District transferred \$2.6 million from Measure Q to Measure E to cover expenses)



PROJECT UPDATE SANTA ANA COLLEGE CHAVEZ HALL RENOVATION

Project Summary:

- ▶ Repairs to the roof, exterior walls, windows, parapet and restoration of interior and exterior finishes.
- ▶ Multiple remediation efforts to be undertaken.

Current Status:

- ▶ Geotechnical investigation completed.
- ▶ District review of pilot study completed.
- ▶ Test pilot of concrete slab sealant underway, to be completed by June 2016.
- ▶ Currently developing scope of work to remediate building.
- ▶ Developing scope with sequencing of work.
- ▶ Developing budget for project.

Budget:

- ▶ \$400,000 (under review).





PROJECT UPDATE SANTA ANA COLLEGE TEMPORARY VILLAGE PHASE 2

Project Summary:

- ▶ Relocation of current Johnson occupants and programs into the Temporary Village which includes an interior reconfiguration within the portables.

Current Status:

- ▶ Current activities: minor post occupancy adjustments.
- ▶ Upcoming activities: re-locate the Spot space to existing Johnson Student Center.
- ▶ Target occupancy:
 - ▶ Phase 1 – Completed
 - ▶ Phase 2 – Campus store completed May 6, 2016.

Budget:

- ▶ \$3 million

Programs to Be Relocated Include:

- ▶ Campus Store / Grab-n-Go
- ▶ DSPS
- ▶ EOPS/CARE & CalWORKS
- ▶ Student Financial Services
- ▶ Financial Aid
- ▶ Student Placement
- ▶ Health & Wellness Center
- ▶ DSPS
- ▶ Office of Student Life
- ▶ ASG
- ▶ The Spot





PROJECT UPDATE SANTIAGO CANYON COLLEGE ORANGE EDUCATION CENTER BUILDING CERTIFICATION

Project Summary:

- ▶ DSA Certification of Orange Education Center.
- ▶ Upgrade to meet current structural, fire & life safety, ADA and energy codes.
- ▶ Partial demolition of existing building as well as relocation of some programs and services.

Current Status:

- ▶ 80 % Design Development phase plans under review.
- ▶ Construction Document phase anticipated start October 2016.
- ▶ DSA pre-application for approval of Rehabilitation of Non-Conforming Buildings has been submitted. Review ongoing. Pending approval.
- ▶ Anticipated DSA submittal December 2016.
- ▶ Anticipated Construction start January 2018.
- ▶ Target occupancy summer 2019.



Budget:

\$34.66 million target

\$30.43 million allocated

- \$5 million Measure E
- \$4 million Redevelopment Funds
- \$7 million Stabilization Funds
- \$14.43 million one-time Mandated Cost funds (State Budget Act)

Upcoming Activities:

- ▶ Ongoing User Group Meetings.
- ▶ Constructability review.
- ▶ Cost Estimating reviews at 100% design development phase.

Note: Budget is currently deficient by \$4.23 million





PROJECT UPDATE SANTIAGO CANYON COLLEGE U PORTABLES CERTIFICATION

Project Summary:

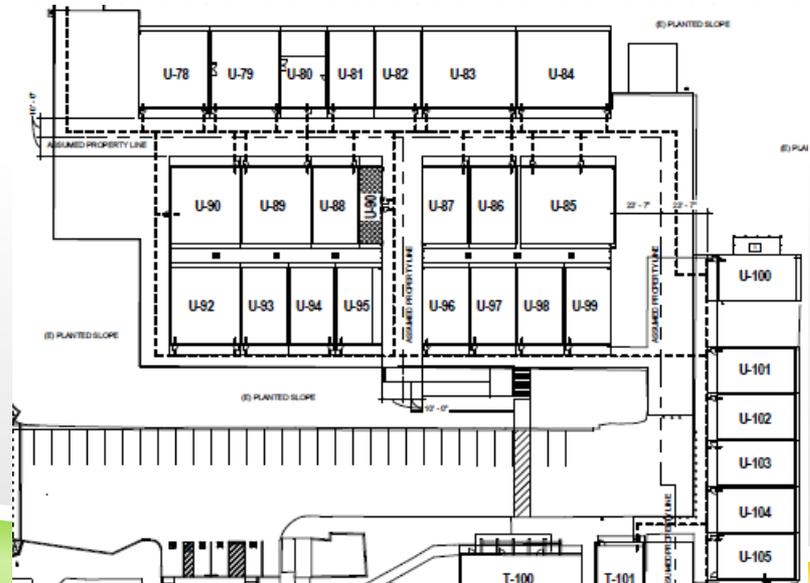
- ▶ DSA Certification of U Portables (28 portables).
- ▶ Upgrades to meet current structural, fire, life, safety, and accessibility.
- ▶ Exterior finish work and site improvements.

Current Status:

- ▶ Bids were rejected by Board of Trustees on May 16, 2016.
- ▶ District is re-evaluating scope, budget and schedule.
- ▶ Anticipated start of construction TBD.

Budget:

- ▶ \$1.1 million (budget increased by \$406,180 due to scope adds by DSA, Storm Water Management BMP's (Best Management Practices), and ADA work)



PROJECT UPDATE SANTIAGO CANYON COLLEGE AQUATICS BUILDING EXTERIOR BLEACHERS

Project Summary:

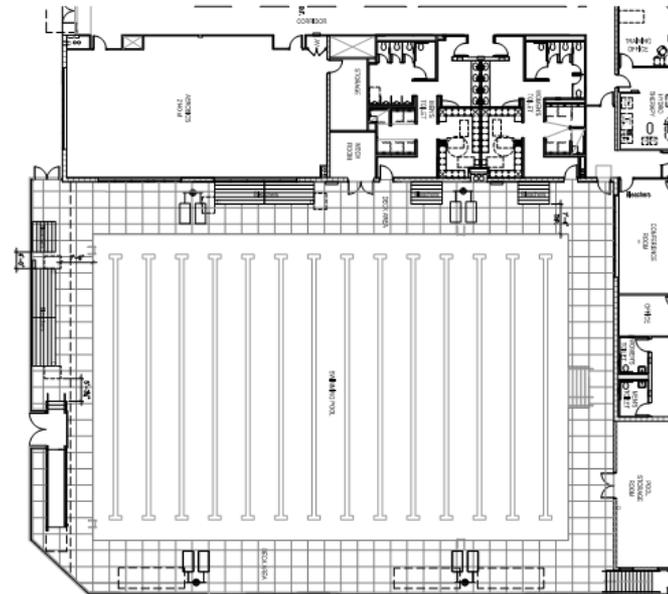
- ▶ Design and installation of a new bleacher system for the pool at the Aquatics Center.

Current Status:

- ▶ DSA approval received March 8, 2016.
- ▶ Bids were released April 25, 2016, and are due on May 23, 2016.
- ▶ Mandatory job walk was held on May 11, 2016.
- ▶ Anticipated approval of contractor May 31, 2016.
- ▶ Anticipated fabrication of bleachers mid-June 2016.
- ▶ Anticipated installation August 2016.

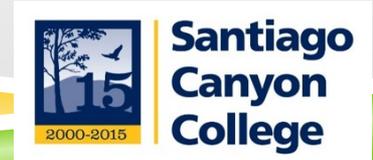
Budget:

- ▶ \$ 100,266





QUESTIONS



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E
 Projects Cost Summary
 As of 05/19/16

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2015-2016		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3032	Dunlap Hall Renovation	4,166,050	1,216,669	2,879,321	49,147	4,145,137	20,913	99%
3045	Chavez Hall Renovation	400,000	92,867	37,139	33,483	163,489	236,511	41%
3054	Temporary Village Phase 2	3,000,000	5,795	720,669	435,747	1,162,211	1,837,789	39%
TOTAL SANTA ANA COLLEGE		7,566,050	1,315,331	3,637,129	518,377	5,470,837	2,095,213	72%
SANTIAGO CANYON COLLEGE								
3046	Orange Education Center Building Certification	5,000,000	684,592	432,108	1,828,083	2,944,783	2,055,217	59%
3672	SCC Building U Portables Certification	1,100,000	25,965	227,217	18,908	272,090	827,910	25%
3058	SCC Aquatic Bleachers Certification	100,266	-	1,150	14,025	15,175	85,091	15%
TOTAL SANTIAGO CANYON COLLEGE		6,200,266	710,557	660,475	1,861,016	3,232,048	2,968,218	52%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3044	Project Closeout/Certification	513,005	252,393	155,124	86,253	493,770	19,235	96%
TOTAL DISTRICT/DISTRICTWIDE		513,005	252,393	155,124	86,253	493,770	19,235	96%
ACTIVE PROJECTS - ALL SITES		14,279,321	2,278,281	4,452,728	2,465,646	9,196,655	5,082,666	64%

We certify, to the best of our knowledge, no bond funds have been used for maintenance, operating or administrative costs, and that all costs have been expended in conformity with the bond resolution and applicable statute.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE E
Projects Cost Summary
As of 05/19/16

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2015-2016		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
COMPLETED PROJECTS/PENDING CLOSEOUT								
SANTA ANA COLLEGE								
3001	Renovation of Buildings / Building "G" Renovation	9,302,490	9,302,490	-	-	9,302,490	-	100%
3002	SAC Library Renovation	339,623	339,623	-	-	339,623	-	100%
3003	Renovate Campus Infrastructure Design/Construct Maintenance/Operations Design/Construct Classroom Building	24,927,689	24,927,689	-	-	24,927,689	-	100%
3007	Child Care/Classroom-Centennial Renovate and Improve Centennial Ed Center	1,662,032	1,662,032	-	-	1,662,032	-	100%
3008	Renovate & Expand Athletic Fields	10,082,438	10,082,438	-	-	10,082,438	-	100%
3013	Acquisition of Land Adjacent to SAC	15,962,453	15,962,453	-	-	15,962,453	-	100%
3016	Design New Child Development Center Construct New Child Development Center	10,362,051	10,362,051	-	-	10,362,051	-	100%
3017	Design Women's Locker Room Construct Women's Locker Room Augment State-Funded PE Seismic Project	14,455,332	14,455,332	-	-	14,455,332	-	100%
3019	Design Sheriff Training Facility Construct Sheriff Training Facility Fire Science Program (Net 6 Facility) Fire Science Prog. @ MCAS, Inc. 2	29,121,885	29,121,885	-	-	29,121,885	-	100%
3020	Design/Construct Digital Media Center	14,000,656	14,000,656	-	-	14,000,656	-	100%
3028	Design & Construct Parking Structure	2,046,955	2,046,955	-	-	2,046,955	-	100%
3029	Parking Lot #11 Expansion and Improvements	10,434,241	10,434,241	-	-	10,434,241	0	100%
3030	Perimeter Site Improvements	6,736,615	6,483,615	253,000	-	6,736,615	0	100%
3031	Tessman Planetarium Upgrade and Restroom Addition	3,686,064	3,671,530	14,534	-	3,686,064	0	100%
3034	SAC Sheriff Training Academy Road	56,239	56,239	-	-	56,239	-	100%
3035	Johnson Center Renovation	49,300	49,300	-	-	49,300	0	100%
3036	Temporary Village	3,868,982	3,868,982	-	-	3,868,982	-	100%
3038	Campus Lighting Upgrade	6,825	6,825	-	-	6,825	-	100%
3042	Central Plant (Design)	3,859	3,859	-	-	3,859	0	100%
3043	Property Acquisition 17th/Bristol	5,110,237	5,110,237	-	-	5,110,237	-	100%
TOTAL SANTA ANA COLLEGE		162,215,966	161,948,431	267,534	-	162,215,965	0	100%
SANTIAGO CANYON COLLEGE								
3004	SCC Infrastructure	37,187,826	37,187,826	-	-	37,187,826	-	100%
3011	Land Acquisition	24,791,777	24,791,777	-	-	24,791,777	-	100%
3012	Acquire Prop & Construct Cont Ed	27,554,640	27,554,640	-	-	27,554,640	-	100%
3014	Construct New Library & Resource Center	4,375,350	4,375,350	-	-	4,375,350	-	100%
3021	Construct Student Services & Classroom Bldg	8,073,049	8,073,049	-	-	8,073,049	-	100%
3022	Humanities Building	32,558,237	32,558,237	-	-	32,558,237	0	100%
3025	Athletics and Aquatics Center: Netting and Sound System	19,940,273	19,940,273	-	-	19,940,273	0	100%
3026	Science and Math Building	26,415,964	26,415,964	-	-	26,415,964	-	100%
3027	Construct Additional Parking Facilities	1,047,212	1,047,212	-	-	1,047,212	-	100%
TOTAL SANTIAGO CANYON COLLEGE		181,944,328	181,944,328	0	0	181,944,328	0	100%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3009	Replace Aging Telephone & Computer Network	14,056,433	14,056,433	-	-	14,056,433	-	100%
3039	LED Lighting Upgrade	157,200	157,200	-	-	157,200	-	100%
TOTAL DISTRICT/DISTRICTWIDE		14,213,633	14,213,633	-	-	14,213,633	-	100%
COMPLETED PROJECTS - ALL SITES		358,373,927	358,106,392	267,534	-	358,373,926	0	100%
RECAP:								
Santa Ana College		169,782,016	163,263,762	3,904,663	518,377	167,686,802	2,095,213	99%
Santiago Canyon College		188,144,594	182,654,885	660,475	1,861,016	185,176,376	2,968,218	98%
District/Districtwide Operations		14,726,638	14,466,026	155,124	86,253	14,707,403	19,235	100%
GRAND TOTAL - ALL SITES		372,653,248	360,384,673	4,720,262	2,465,646	367,570,581	5,082,666	99%
SOURCE OF FUNDS								
ORIGINAL Bond Proceeds		337,000,000						
Refunding Proceeds		5,001,231						
Interest Earned		30,652,017						
Totals		372,653,248						

We certify, to the best of our knowledge, no bond funds have been used for maintenance, operating or administrative costs, and that all costs have been expended in conformity with the bond resolution and applicable statute.

Measure E Citizens' Bond Oversight Committee Membership 2016

Membership Areas	Committee Member	Term	Duration of Term
Santa Ana College Student	Gretchen Burkhardt	1 only	May 2016 – April 2017 (Appointed April 2016, first term)
Santiago Canyon College Student	Christopher Barrajas	1 only	May 2016 – April 2017 (Appointed April 2016, first term)
Business Organization	Carol Chaney	1+1	September 2014 – December 2016 (Appointed May 2011, third term)
Senior Citizens' Organization	Vacant	1+1	
Taxpayers Association	Vacant	1+1	
Santa Ana College Foundation	Kenneth Purcell	1+1	September 2014 – December 2016 (Appointed February 2011, third term)
Santiago Canyon College Foundation	Larry Cohn	1+1	December 2014 – December 2016 (Appointed December 2014, first term)
Community At-Large - SAC	Vacant	1+1	
Community At-Large – SCC	Phillip Hummel	1+1	December 2014 – December 2016 (Appointed December 2010, third term)
RSCCD Trustee Representative	Nelida Mendoza Yanez		(Non-voting member)