

**RANCHO SANTIAGO COMMUNITY  
COLLEGE DISTRICT**

**SCHEDULE OF PROCEEDS AND USE OF  
GENERAL OBLIGATION BONDS  
(ELECTION OF 2002, SERIES 2003 A)  
WITH INDEPENDENT AUDITOR'S REPORT**

**For the period from July 1, 2003 through June 30, 2004**

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION OF 2002, SERIES 2003 A)  
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MACIAS GINI & COMPANY LLP

515 S. Figueroa Street, Ste. 325  
Los Angeles, California 90071

213.612.0200 PHONE  
213.286.6426 FAX

**INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
Rancho Santiago Community College District  
Santa Ana, California

We have audited the accompanying schedule of proceeds and use of General Obligation Bonds (Election of 2002, Series 2003 A) of the Rancho Santiago Community College District's (the District) for the period from July 1, 2003 through June 30, 2004. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and use of general obligation bonds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the schedule of proceeds and use of general obligation bonds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and use of general obligation bonds. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of proceeds and use of general obligation bonds referred to in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election of 2002, Series 2003 A) for the period from July 1, 2003 through June 30, 2004, on the basis of accounting described in Note 2.

*Macias, Gini & Company LLP*

Certified Public Accountants

Los Angeles, California  
December 15, 2004

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**  
**GENERAL OBLIGATION BONDS**  
**(ELECTION OF 2002, SERIES 2003 A)**  
**SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS**  
**FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004**

Beginning Balance, as of July 1, 2003	\$ 63,399,111
Refund of Bond Issuance Costs	10,020
Net Bond Proceeds	<u>63,409,131</u>
Net Bond Interest Income	535,129
Net Bond Proceeds and Interest Income	<u>63,944,260</u>
Project Expenditures:	
<i>Santa Ana College</i>	
Renovation of 14 Buildings	\$ 176,531
Library Renovation	246,087
Campus Infrastructure	158,438
Athletic Fields	49,628
Land Acquisition	3,602,254
Women's Locker Room	190,204
Public Safety Institute	1,008,185
Digital Media	57,167
Parking Structure	<u>6,380</u>
<i>Total Expenditures for Santa Ana College</i>	5,494,874
 <i>Santiago Canyon College</i>	
Infrastructure	211,545
Land Acquisition	16,136
Site Acquisition	8,826,785
Learning Resource Center	28,773
Parking Facilities	5,402,726
Student Service/Classroom Building	<u>573,837</u>
<i>Total Expenditures for Santiago Canyon College</i>	15,059,802
 <i>RSCCD - District</i>	
Telephone/Computer - District	<u>1,877,667</u>
<i>Total Expenditures for RSCCD District</i>	<u>1,877,667</u>
 Total Project Expenditures	 <u>22,432,343</u>
Ending Balance, as of June 30, 2004	<u><u>\$ 41,511,917</u></u>

See accompanying notes to the schedule.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004**

**NOTE 1 – BACKGROUND**

On November 5, 2002, the voters of the Rancho Santiago Community District (District) approved the issuance of \$337,000,000 general obligation bonds to be used to finance the acquisition, construction and modernization of certain property and District facilities. On March 31, 2003, \$96,125,000 of Rancho Santiago Community College District, Election of 2002, Series 2003A Bonds were issued with a final maturity date of September 1, 2027 and interest rates ranging from 2% to 5%, depending on the maturity of the related bonds. Interest accrues from March 31, 2003 and is payable semiannually on March 1 and September 1 of each year commencing on March 1, 2004. The outstanding principal balance of these bonds at June 30, 2004 was \$96,125,000.

The specific projects approved by the Board of Trustee's to be funded by the bond proceeds include:

*Santa Ana College*

Renovation of fourteen Buildings  
Library Renovation  
Campus Infrastructure  
Centennial Education Center Renovation (Off-Site)  
Athletic Fields  
Land Acquisition  
Science/Math  
Women's Locker Room  
Public Safety Institute (Off-Site)  
Digital Media (Off-Site)  
Parking Structure

*Santiago Canyon College*

Infrastructure  
Land Acquisition  
Site Acquisition (Off-Site)  
Learning Resource Center  
Student Services/Classroom Building  
Parking Facilities

*Rancho Santiago Community College District Building*

Telephone/Computer

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting

The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenses from bond funds are reported when paid.

B. Bond Proceeds

Bond proceeds are recorded net of bond premiums and issuance costs.

C. Project Expenditures

Expenditures are recognized when payments for approved projects are made.

**NOTE 3 – BONDED DEBT**

On March 31, 2003, \$96,125,000 of the general obligation bonds were sold as follows:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding March 31, 2003</u>	<u>Redeemed Current Period</u>	<u>Outstanding June 30, 2004</u>
March 31, 2003	2.5-5%	September 1, 2027	\$96,125,000	\$ 96,125,000	\$ -	\$ 96,125,000

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2004, are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2005	3,420,000	5,768,995	9,188,995
2006	6,395,000	3,995,863	10,390,863
2007	6,935,000	3,767,963	10,702,963
2008	1,500,000	3,589,263	5,089,263
2009	1,655,000	3,539,263	5,194,263
2010-2014	10,695,000	16,867,438	27,562,438
2015-2019	15,915,000	14,472,050	30,387,050
2020-2024	23,575,000	10,016,000	33,591,000
2025-2028	26,035,000	3,320,750	29,355,750
Totals	<u>\$ 96,125,000</u>	<u>\$ 65,337,582</u>	<u>\$ 161,462,582</u>

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)  
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (CONTINUED)  
FOR THE PERIOD FROM JULY 1, 2003 THROUGH JUNE 30, 2004**

**NOTE 4 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS**

The following is a reconciliation of project expenditures between the cash and accrual basis for the period from July 1, 2003 through June 30, 2004:

Expenditures:

Expenditures - Cash Basis	\$ 22,432,343
Due to Capital Project Fund	10,263
Change in Accounts Payable	1,392,645
Expenditures - Accrual Basis	<u>\$ 23,835,251</u>

Revenues:

Net Investment Interest Income - Cash Basis	\$ 535,129
Change in Accrued Investment Management Cost	2,412
Change in Interest Receivable	(22,700)
Net Interest Income - Accrual Basis	<u>\$ 514,841</u>

**NOTE 5 - COMMITMENTS AND CONTINGENCIES**

A. Bond Fund Compliance

The General Obligation Bonds (Election of 2002, Series 2003 A) are subject to financial and compliance audits annually. Refer to the Independent Auditor's Report on Compliance with Article XIII A of the Constitution of the State of California on the Proceeds and Use of General Obligation Bonds, which is included in this report.

B. Construction Contracts

The District has outstanding project construction commitments of \$3,633,246 at June 30, 2004.



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515 S. Figueroa Street, Ste. 325  
Los Angeles, California 90071

213.612.0200 PHONE  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ARTICLE XIII A  
OF THE CONSTITUTION OF THE STATE OF CALIFORNIA ON THE  
PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION OF 2002, SERIES 2003 A)**

The Board of Trustees  
Rancho Santiago Community College District  
Santa Ana, California

We have examined Rancho Santiago Community College District's compliance with Article XIII A of the Constitution of the State of California on the use of general obligation bond proceeds for the period from July 1, 2003 through June 30, 2004. The compliance requirements are as follows:

- The Board of Trustees evaluated the list of specific projects to address the District's needs for safety and information technology.
- Funds were properly expended for the specific projects on the Board of Trustees published list.
- Funds were used for financing the acquisition, construction and modernization of certain property and District facilities, and no funds were used for teacher and administrator salaries and other school operating expenses.

Management is responsible for Rancho Santiago Community College District's compliance with those requirements. Our responsibility is to express an opinion on Rancho Santiago Community College District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Rancho Santiago Community College District's compliance with those requirements and by performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Rancho Santiago Community College District's compliance with specified requirements.

In our opinion, Rancho Santiago Community College District complied, in all material respects, with the aforementioned requirements for the period from July 1, 2003 through June 30, 2004.



This report is intended solely for the information and use of District's management, the Board of Trustees, Bond Oversight Committee, and state regulatory officials and is not intended to be and should not be used by anyone other than these specified parties.

*Mauer, Jini & Company LLP*

Certified Public Accountants

Los Angeles, California

December 15, 2004