

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

MEASURE E – CITIZENS’ BOND OVERSIGHT COMMITTEE
Thursday, January 15, 2015 - 6:00 p.m.
District Board Room

- | | | |
|-----|---|--------------------|
| 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 Co-Chair)• Adoption of schedule of meeting dates for 2015/16<ul style="list-style-type: none">May 28, 2015September 10, 2015January 21, 2016 (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 – September 25, 2014 | <u>Action</u> |
| 5. | Approval of the Measure E – June 30, 2014 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. Michael Collins, Vice President
Santiago Canyon College – John Weispfenning, 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, and
- (vii) Approval of the sale of bonds.
- (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 two (2) 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
THURSDAY, SEPTEMBER 25, 2014**

MINUTES

Members Present: Carol Chaney
Phillip Hummel
Ken Purcell
William Thornton
Luis Vargas

Members Absent: Matt Blake
Dean Strenger

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

1. Call to Order and Introductions

Ms. Chaney called the meeting to order at 6:04 p.m.

2. Annual Organizational Meeting

- Election of Committee Officers: Mr. Hummel made a motion to nominate Ms. Carol Chaney as chair of the Committee and Mr. Purcell as co-chair for the 2014 calendar year. The motion was seconded by Mr. Thornton and approved unanimously.
- Adoption of Meeting Schedule for January 2015. Mr. Purcell made a motion to schedule the next meeting of this Committee, the annual organizational meeting for 2015 on January 22, 2015. The motion was seconded by Mr. Hummel and approved unanimously.
- The Committee affirmed the Citizens' Bond Oversight Committee Ethics Policy Statement as presented.
- The Committee affirmed the revised Citizens' Bond Oversight Committee revised Bylaws as presented.

3. Public Presentations

There were no public presentations.

4. Approval of Minutes – September 19, 2013

Mr. Purcell made a motion to approve the Minutes of the September 19, 2013 Measure E Citizens' Bond Oversight Committee meeting. The motion was seconded by Mr. Vargas and approved unanimously by the Committee.

5. Approval of the Measure E – June 30, 2013 Audits (Performance and Financial)
Mr. Hardash reviewed the independent auditor's report from Vavrinek, Trine, Day & Co, LLP with the Committee and stated the following from the report: "In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Measure E Revenue Bond Construction Fund (Measure E) of the Rancho Santiago Community College District at June 30, 2013 and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America." Both the financial and performance audits are clean, no findings or recommendations.

A motion was made by Mr. Purcell to approve the audits as presented. The motion was seconded by Mr. Thornton and approved unanimously by the Committee.

6. Approval of the Measure E Citizens' Bond Oversight Committee, 2013-14 Annual Report to the Community
Mr. Hardash reviewed with the Committee the draft report. Ms. Chaney worked with the Public Affairs department to provide a statement and has reviewed the report. The auditors have verified the numbers and the district staff have approved the project updates. As a reminder this committee is tasked with providing the community with this report yearly.

A motion was made by Mr. Purcell to approve the Measure E 2013-14 Citizens' Bond Oversight Committee Annual Report to the Community as presented. The motion was seconded by Mr. Vargas and approved unanimously by the Committee. The report will be available on the RSCCD website at: <http://rsccd.edu/Bond-Projects/Measure-E/Pages/Reports.aspx>.

7. District Update – Dr. Raúl Rodríguez
Mr. Hardash stated that Dr. Rodríguez was unable to make the meeting this evening and would provide a District update at the January 2015 meeting.

8. Bond Projects Update
Ms. Matsumoto shared and reviewed with the committee the Measure E Projects Update dated September 25, 2014. Ms. Matsumoto highlighted the following projects:

- Completed Projects: Perimeter Site Improvements at SAC
 - Building G Renovations at SAC
 - Artesia Street Improvements at SAC
- Active Projects: Parking Lot Expansion and Improvements at SAC
 - Temporary Village at SAC
 - Tessman Planetarium Upgrade and Restroom addition at SAC
 - Chavez Hall Project at SAC
 - Orange Education Center Renovations at SCC

This PowerPoint presentation will be posted to the Measure E projects website at: <http://rsccd.edu/Bond-Projects/Pages/Agendas-and-Minutes.aspx>.

9. Bond Budget Update
Mr. O'Connor reviewed the Measure E projects summary dated July 31, 2014 on August 19, 2014. Mr. O'Connor and Ms. Matsumoto continue working on updating the format of this report to better detail each project. A few things to note: negative numbers are the funds fronted from Measure E and transferred to Measure Q. Measure Q will be issued within the next few weeks. After the first issuance funds are received, Measure E will be fully reimbursed. All transactions will be reviewed by bond legal counsel and the Board of Trustees approved these transfers. All Measure E projects are now 98% complete.

10. Santa Ana College Update

Dr. Martinez provided a report to the committee on the construction progress, 100 year anniversary celebration, enrollment and activities at Santa Ana College.

Santiago Canyon College Update

Mr. Hardash introduced Mr. John Weispenning, the new President of Santiago Canyon College. Mr. Weispenning provided a report to the committee on the construction progress, enrollment and activities at Santiago Canyon College.

11. Other/Comments from the Members

There were no additional comments. The next meeting is scheduled for January 22, 2015, the annual organizational meeting at 6:00 p.m. in the District Board Room.

12. Adjournment

A motion was made, seconded and passed to adjourn the meeting at 6:58 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, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 June 9, 2014. 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 the year ended June 30, 2014. 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 known and likely 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
Page 2

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 29, 2014.

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 Measure E Revenue Bond Construction Fund 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.

Vavineh, Tunc, Day & Co., LLP

Rancho Cucamonga, California
November 29, 2014

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

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

JUNE 30, 2014

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE E
REVENUE BOND CONSTRUCTION FUND**

FINANCIAL AUDIT

JUNE 30, 2014

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

**FINANCIAL AUDIT
TABLE OF CONTENTS
JUNE 30, 2014**

FINANCIAL SECTION

Independent Auditor's Report	2
Measure E Revenue Bond Construction Fund	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	12
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings	15
Summary Schedule of Prior Audit Findings	16

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, 2014, 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, 2014, 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 November 29, 2014, 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.

Vainich, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 29, 2014

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

**BALANCE SHEET
JUNE 30, 2014**

ASSETS

Investments	\$ 20,533,616
Accounts receivable	8,630
Prepaid expenses	<u>425,863</u>
Total Assets	<u><u>\$ 20,968,109</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 2,495,268</u>
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FUND BALANCE

Restricted	
Capital projects	<u>18,472,841</u>
Total Liabilities and Fund Balance	<u><u>\$ 20,968,109</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, 2014**

REVENUES

Local revenues \$ 124,968

EXPENDITURES

Current Expenditures

 Services and other expenditures 30,439

 Capital outlay 27,289,387

Total Expenditures 27,319,826

DEFICIENCY OF REVENUES OVER EXPENDITURES (27,194,858)

FUND BALANCE, BEGINNING OF YEAR 45,667,699

FUND BALANCE, END OF YEAR \$ 18,472,841

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, 2014

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, 2014

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 are liquidated at June 30 since they do not constitute expenditures or liabilities.

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, 2014, 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, 2014**

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 \$20,533,616 with the Orange County Investment Pool. The fair value of this investment is approximately \$20,541,994 with an weighted average maturity of 519 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 Aaa by Moody's Investor Service.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2014, consist of the following:

Interest income	<u><u>\$ 8,630</u></u>
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NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consist of the following:

Vendor payables	<u><u>\$ 2,495,268</u></u>
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NOTE 5 - FUND BALANCE

Fund balance is composed of the following element:

Restricted	
Capital projects	<u><u>\$ 18,472,841</u></u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2014, the Measure E Revenue Bond Construction Fund had the following significant construction commitments as defined by the bond documents:

<u>CAPITAL PROJECTS</u>	<u>Spent to Date</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Santa Ana College			
Renovation of Buildings	\$ 9,302,490	\$ 11,494	2015
Renovate Campus Infrastructure	24,927,689	4,591	2015
Renovate and Expand Athletic Fields	10,082,438	215	2015
Parking Lot Expansion and Improvements	7,906,461	3,814,517	2015
Perimeter Site Improvements	6,165,992	418,383	2015
Tessmann Planetarium Upgrade	716,875	2,226,519	2015
Dunlap Hall Renovation	1,291,308	13,770,886	2015
Johnson Center Renovation	49,300	2,500	2014
Temporary Village (Swing Space)	2,807,979	1,370,759	2015
Central Plant (Design)	1,271,727	972,661	2015
Property 17th/Bristol Property	5,110,237	14,809	2014
Chavez Hall Renovation	6,642	82,568	2016
Santiago Canyon College			
Infrastructure	37,187,826	60,939	2015
Humanities Building	32,361,136	228,765	2015
Athletics and Aquatics Center	19,849,746	62,826	2014
SCC Science and Math Building	26,415,964	34,950	2014
Orange Education Center Building Certification	383,918	2,069,061	2017
	<u>\$ 185,837,728</u>	<u>\$ 25,146,443</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 at June 30, 2014.

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2014.

As discussed in Note 1, the financial statements present only the Measure E Revenue Bond Construction Fund (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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. 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.

Vannich, Trine, Day & Co., LLP

Rancho Cucamonga, California
November 29, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2014**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

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, 2014

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

**PERFORMANCE AUDIT
TABLE OF CONTENTS
JUNE 30, 2014**

Independent Auditor's Report on Performance	1
Authority for Issuance	2
Purpose of Issuance	3
Authority for the Audit	3
Objectives of the Audit	3
Scope of the Audit	4
Procedures Performed	4
Conclusion	4
Schedule of Findings and Questioned Costs	5
Summary Schedule of Prior Audit Findings and Questioned Costs	6



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, 2014.

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. 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
November 29, 2014

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE E REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2014

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, 2014

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, 2014

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2013 through June 30, 2014. 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, 2014, 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, 2014, 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 44 percent of all expenditures and other uses from the detailed accounting of expenditures. Our sample included transactions totaling \$12,103,703 of the total expenditures and other uses of \$27,319,826. 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, 2014**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS
JUNE 30, 2014**

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



CITIZENS' BOND OVERSIGHT COMMITTEE MEETING



Project Updates
January 15, 2015





ACTIVE PROJECTS

Santa Ana College

- ▶ Parking Lot II & Site Improvements
- ▶ Tessman Planetarium Upgrade & Restroom Addition
- ▶ Temporary Village
- ▶ Dunlap Hall Renovation
- ▶ Chavez Hall Renovation

Santiago Canyon College

- ▶ Orange Education Center Building Certification
- ▶ U Portable Certification

District/Districtwide

- ▶ Division of the State Architect Projects Certification



COMPLETED PROJECTS

Santa Ana College

- ▶ Perimeter Site Improvements
- ▶ Building G Renovation
- ▶ Artesia Street Improvements
- ▶ Property Acquisition of 17th St. and Bristol St.
- ▶ Dunlap Hall Renovation (Design)
- ▶ Temporary Village
- ▶ Parking Lot II & Site Improvements

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

District/Districtwide

- ▶ Division of the State Architect Projects Certification

► Temporary Village



► Parking Lot I I & Site Improvements (including retention basin)





PROJECT UPDATE SANTA ANA COLLEGE TESSMAN PLANETARIUM UPGRADE & RESTROOM ADDITION

Project Summary:

- ▶ Renovate the Tessmann Planetarium to comply with accessibility requirements and repurpose the office space for the Veterans Resource Center.
- ▶ Enhance the building exterior.
- ▶ Construct a new restroom annex.



Current Status:

- ▶ Current activities include plaster finishes to walkway exteriors, painting of doors, installation of door hardware, completion of plumbing fixtures in the restroom.
- ▶ Completion expected at the end of February 2015.



Budget:

- ▶ \$ 4.9 million (under review)



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.

Current Status:

- ▶ Construction began in April 2014 with a target completion expected at the end of July 2015.
- ▶ Continuing installation of carbon fiber wrap around edges, metal stud framing at 2nd floor restroom and replace slab at ground floor restrooms.
- ▶ Upcoming activities include storm drain piping, installation of catch basin, structural steel, and rough-in of mechanical, electrical and plumbing.

Budget:

- ▶ \$15.27 million
- ▶ \$1.17 million funded by Measure E





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.

Current Status:

- ▶ Architect selection underway with Board approval anticipated for February 2015.

Budget:

- ▶ \$239,950 (under review)





PROJECT UPDATE SANTIAGO CANYON COLLEGE ORANGE EDUCATION CENTER RENOVATION

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:

- ▶ Programming phase completed.
- ▶ Three design options were considered.
- ▶ Architect is proceeding with option 3 in conceptual design phase.
- ▶ Selection of pre-construction firm underway.

Budget:

- ▶ \$ 21 million (under review)
\$5 million funded by Measure E





DESIGN OPTIONS SUMMARY ORANGE EDUCATION CENTER RENOVATION

Option 1 – Renovate Existing Building (85,000 s.f. – estimated project cost \$19.3 million)

- ▶ Upgrades to meet current structural, fire, life, safety, ADA and energy codes.
- ▶ No interior reconfiguration or major renovation. Patch and repair work only.
- ▶ This option will not address inefficiencies of building configuration or add any parking.
- ▶ Users will still experience same challenges.

Option 2 – New Building (60,000 s.f. – estimated project cost \$31.5 million)

- ▶ Demolish and build new building.
- ▶ Optimum program space layout.
- ▶ Increase parking and vehicular circulation.





RECOMMENDED DESIGN OPTION ORANGE EDUCATION CENTER RENOVATION

Option 3 – Partial Demolition of Existing Building (50,000 s.f. – estimated project cost \$21 million)

- ▶ Utilize existing building as much as possible and reconfigure spaces.
- ▶ Reduce building square footage to 50,000 s.f. and demolish portion of building.
- ▶ Relocation of some programs and services.
- ▶ Increase parking and improve vehicular circulation.





PROJECT UPDATE SANTIAGO CANYON COLLEGE U PORTABLE CERTIFICATION

Project Summary:

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



Current Status:

- ▶ Architect commenced design phase in December 2014.
- ▶ Anticipated completion of design phase in Spring/Summer 2015.

Budget:

- ▶ \$ 530,000





DISTRICTWIDE DIVISION OF THE STATE ARCHITECT CERTIFICATION

Project Summary:

- ▶ Certification and close of file activities for Measure E projects with the Division of the State Architect.

Current Status:

- ▶ Certification efforts ongoing.
- ▶ There are five projects remaining to be certified.
- ▶ Twenty-two projects have been closed to date.

Budget:

- ▶ \$996,825



September 25, 2013

Certification & Close of File

Mr. Raul Rodriguez, Chancellor
Rancho Santiago Community College District
2323 North Broadway, # 410
Santa Ana, CA 92706

Project: SANTA ANA COLLEGE
Application #: 04-108649
File Id #: 30-C2
Scope: Construction of One 2-Story Administration Building, Four Classroom Buildings, Six Toy Shelters/ Alcoves, Sitework

Dear Mr. Raul Rodriguez, Chancellor:

The Department of General Services' records indicate that the construction of the referenced project has been completed in accordance with design documents approved by the Department, and that all the Verified Reports covering the construction have been received. Therefore, the Department of General Services Certifies as follows:

This project is in compliance with California State regulations as to the safety of design and construction of public schools, and for the accommodation of persons with disabilities.

As stated in our letter approving the plans and specifications for this project, the Department does not review design documents or construction for compliance with the electrical, mechanical, or plumbing regulations. It is the responsibility of the professional consultants named on the application to verify compliance with appropriate parts of the California Building Code, and to submit Verified Reports documenting compliance.

Sincerely,

Chester "Chel" Widom, FAIA
State Architect
Division of the State Architect
CW: pc

cc: Architect/Engineer - Tania Van Herle
Director of Facilities
Reading
File

DSA SAN DIEGO REGIONAL OFFICE 10920 VIA FRONTERA SUITE 300 SAN DIEGO CA 92127 P 858.674.5400 F 858.674.5471
DEPARTMENT OF GENERAL SERVICES STATE AND CONSUMER SERVICES AGENCY STATE OF CALIFORNIA

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE E

Projects Cost Summary
12/31/14 on 01/06/15

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2014-2015		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3001	Renovation of Buildings / Building "G" Renovation	9,826,032	9,302,490	-	8,072	9,310,562	515,470	95%
3029	Parking Lot #11 Expansion and Improvements	11,079,553	7,906,461	1,815,493	726,373	10,448,327	631,226	94%
3030	Perimeter Site Improvements	7,297,666	6,165,992	17,518	589,471	6,772,981	524,685	93%
3031	Tessman Planetarium Upgrade and Restroom Addition	4,909,452	716,875	1,748,746	1,563,800	4,029,420	880,032	82%
3032	Dunlap Hall Renovation	1,566,050	1,196,048	-	366,533	1,562,581	3,469	100%
3036	Temporary Village	4,544,605	2,327,249	1,458,138	112,355	3,897,742	646,863	86%
3043	Property Acquisition 17th/Bristol	5,188,603	5,060,077	1,077	1,617	5,062,771	125,832	98%
3045	Chavez Hall Renovation	239,950	5,000	45,075	34,033	84,108	155,842	35%
TOTAL SANTA ANA COLLEGE		44,651,911	69,639,137	5,086,047	3,402,254	41,168,493	3,483,418	92%
SANTIAGO CANYON COLLEGE								
3004	SCC Infrastructure	37,929,121	37,187,826	-	18,292	37,206,118	723,003	98%
3022	Humanities Building	32,781,753	32,361,137	37,807	9,719	32,408,662	373,091	99%
3025	Athletics and Aquatics Center: Netting and Sound System	20,454,610	19,849,746	12,483	904	19,863,133	591,477	97%
3026	Science and Math Building	26,450,934	26,415,964	-	-	26,415,964	34,970	100%
3046	Orange Education Center Building Certification	5,000,000	244,325	-	718,749	963,074	4,036,926	19%
3672	SCC Building U Portables Certification	530,000	-	-	66,000	66,000	464,000	12%
TOTAL SANTIAGO CANYON COLLEGE		122,616,418	116,198,590	50,289	813,664	116,922,950	5,759,468	95%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3044	Project Closeout/Certification	536,751	143,437	43,573	57,339	244,349	292,402	46%
TOTAL DISTRICT/DISTRICTWIDE		536,751	143,437	43,573	57,339	244,349	292,402	46%
ACTIVE PROJECTS - ALL SITES		167,805,080	185,981,164	5,179,909	4,273,258	158,335,792	9,535,288	94%

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE E

Projects Cost Summary
12/31/14 on 01/06/15

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2014-2015		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
COMPLETED PROJECTS								
SANTA ANA COLLEGE								
3002	SAC Library Renovation	339,623	339,623	-	-	339,623	-	100%
3003	Renovate Campus Infrastructure Design/Construct Maintenance/Operations Design/Construct Classroom Building	24,989,055	24,927,689	-	4,590	24,932,279	56,776	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	10,094,021	10,082,438	-	215	10,082,653	11,368	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%
3034	SAC Sheriff Training Academy Road	56,239	56,239	-	-	56,239	-	100%
3035	Johnson Center Renovation	51,800	49,300	-	-	49,300	2,500	95%
3038	Campus Lighting Upgrade	6,825	6,825	-	-	6,825	-	100%
3042	Central Plant (Design)	4,451	3,539	-	912	4,450	1	100%
TOTAL SANTA ANA COLLEGE		123,153,378	123,077,017	-	5,716.53	123,082,733	70,644.40	100%
SANTIAGO CANYON COLLEGE								
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%
3027	Construct Additional Parking Facilities	1,047,212	1,047,212	-	-	1,047,212	-	100%
TOTAL SANTIAGO CANYON COLLEGE		65,842,028	65,842,028	-	-	65,842,028	-	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		203,209,039	203,132,678	-	5,717	203,138,394	70,644.40	100%
RECAP:								
Santa Ana College		167,805,289	192,716,154	5,086,047	3,407,971	164,251,226	3,554,063	98%
Santiago Canyon College		188,458,446	182,040,618	50,289	813,664	182,764,978	5,759,468	97%
District/Districtwide Operations		14,750,384	14,357,070	43,573	57,339	14,457,982	292,402	98%
GRAND TOTAL - ALL SITES		371,014,119	389,113,841	5,179,909	4,278,974	361,474,186	9,605,933	97%
SOURCE OF FUNDS								
ORIGINAL Bond Proceeds		337,000,000						
Refunding Proceeds		5,001,231						
Interest Earned		30,603,712						
Totals		372,604,943						