

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

MEASURE Q CITIZENS' BOND OVERSIGHT COMMITTEE
THURSDAY, JANUARY 14, 2021, AT 6:00 P.M.
VIA ZOOM PLATFORM at <https://cccconfer.zoom.us/j/91048819365>

Pursuant to Governor Newsom's Executive Order N-29-20, dated March 17, 2020, members of the Rancho Santiago Community College District Measure Q Citizens' Bond Oversight Committee, staff and the public will participate in the January 14, 2021 meeting via teleconference. No in-person attendance will be accommodated or permitted. To avoid exposure to COVID-19, this meeting will be held via teleconference by calling 669-900-6833, or connect by [clicking this link](#).

AGENDA

- | | |
|---|---------------------------|
| 1. Call to Order/Introductions – Macias | Information |
| <u>Public Comment/Presentations</u>
At this time, members of the public have the opportunity to address the Measure Q Citizens' Bond Oversight Committee on any item within the subject matter jurisdiction of the committee. Members of the community and/or employees wishing to address the committee are asked to complete a " Public Comment " form and submit it to vega_kennethia@rscsd.edu prior to the start of the meeting. Completion of the information on the form is voluntary. Each speaker may speak up to three minutes; however, the chair of the committee may, in the exercise of discretion, extend additional time to a speaker if warranted, or expand or limit the number of individuals to be recognized for discussion on a particular matter. If a translator for the speaker is needed, please contact the Assistant to the Vice Chancellor at 2323 N. Broadway, Suite 401-B, Santa Ana, California, 714 480-7341 or email vega_kennethia@rscsd.edu , at least 48 hours prior to the meeting so appropriate accommodations may be made. Please note the committee cannot take action on any items not on the agenda, with certain exceptions as outlined in the Brown Act . Matters brought before the committee which are not on the agenda may, at the committee's discretion, be referred to staff or placed on the next agenda for committee consideration. | |
| It is the intention of the Measure Q Citizens' Bond Oversight Committee to comply with the Americans with Disabilities Acts (ADA) in all respects. If, as an attendee or a participant at this meeting, you need special assistance, the Rancho Santiago Community College District will attempt to accommodate you in every reasonable manner. Please contact the Assistant to the Vice Chancellor at 2323 N. Broadway, Suite 410-2, Santa Ana, California, 714-480-7341, at least 48 hours prior to the meeting to inform us of your particular needs so that appropriate accommodations may be made. | |
| 2. Annual Organizational Meeting | Action |
| <ul style="list-style-type: none">➤ Election of Committee Officers (Chair and Vice Chair)➤ Confirmation of schedule of meeting dates and times for 2021
May 13, 2021, September 23, 2021 and potential meeting in late 2021
Meetings begin at 6:00 P.M.➤ Affirmation of Citizens' Bond Oversight Committee Bylaws➤ Affirmation of the Citizens' Bond Oversight Committee Ethics Policy Statement➤ Committee Membership | |
| 3. Approval of Meeting Minutes – November 5, 2020 | Action |
| 4. District Update – Martinez | Information |
| 5. Measure Q Projects Update – Matsumoto | Information |
| 6. Measure Q Financial Update – O'Connor | Information |
| 7. Proposition 39 General Obligation Bonds, Measure Q Financial and Performance Audits for fiscal year ended June 30, 2020 – O'Connor | Receive and Accept |
| 8. Santa Ana College Update – Flores | Information |
| 9. Committee Comments | Information |
| 10. Adjournment | Action |

**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.
Santa Ana College inspires, transforms, and empowers a diverse community of learners.**

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q CITIZENS' BOND OVERSIGHT COMMITTEE
THURSDAY, JANUARY 14, 2021
VIA ZOOM PLATFORM

MEETING SCHEDULE

MAY 13, 2021
6:00 P.M. – TBD
(MEETING AND TOUR)

SEPTEMBER 23, 2021
6:00 P.M. – TBD

ANNUAL ORGANIZATION MEETING
JANUARY 2022
6:00 P.M. – TBD

CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS

Section 1. Committee Established. The Rancho Santiago Community College District (the "District") School Facilities Improvement No. 1 ("Improvement District") was successful at the election conducted on November 6, 2012 (the "Bond Election") in obtaining authorization from the Improvement District's voters to issue up to \$198,000,000 aggregate principal amount of the District's general obligation bonds ("Measure Q"). 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. The Committee does not have legal capacity independent from the District.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws 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 Q. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee's review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform only the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the public shall come from the Chair acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.

3.2 **Review Expenditures.** The Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure Q; and (b) no bond proceeds were used for teacher or administrative salaries or other operating expenses in compliance with Attorney General Opinion 04-110, issued on November 9, 2004.

3.3 **Annual Report.** The Committee shall present to the Board, in 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 Measure Q projects to get funded;
- (ii) Approval of contracts;
- (iii) Approval of change orders;
- (iv) Expenditures of bond funds;
- (v) Handling of all legal matters;
- (vi) Approval of project plans and schedules;
- (vii) Approval of all deferred maintenance plans; and
- (viii) Approval of the sale of bonds.

3.5 Measure Q 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, developer fees, 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, which 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) which shall be determined by the Board in its sole discretion.

(e) The selection of independent audit firm(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 its activities.

(g) 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 school 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, Business Operations/Fiscal Services.

(c) Review copies of scheduled maintenance 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 Board of Trustees have determined that the Committee shall consist of at least eleven (11) 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 citizens' organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member active in a support organization for Santa Ana College, such as a foundation.
- Six (6) members of the community at-large.

5.2 Qualification Standards.

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

(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. Members of the Committee are not subject to 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 are not required to complete the Form 700. However, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, commencing on the date of the first meeting of the Committee. No member may serve more than three (3) consecutive terms. At the Committee's first meeting, members will draw lots, or otherwise select a minimum majority (6) for an initial two (2) year term and the remaining members for an initial one (1) year term.

5.5 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. The Board shall seek to fill vacancies within 90 days of the date of occurrence of a vacancy. Members whose terms have expired may continue to serve on the Committee until their successor has been appointed.

5.6 Compensation. The Committee members shall not be compensated for their services.

5.7 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District; (b) individual members of the Committee retain the right to address the Board as an individual; (c) the Committee shall not establish sub-committees for any purpose; and (d) the Committee shall have the right to request and receive copies of any public records relating to Measure Q funded projects.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee shall meet at least once a year, but no more frequently than quarterly including an annual organization meeting to be held in January.

6.2 Location. All meetings shall be held within the Improvement District, located in Orange County, California.

6.3 Procedures. All meetings 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.

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 Committee proceedings in order to report on the status of projects and the expenditure of bond proceeds.

Section 8. Reports. In addition to the Annual Report required in Section 3.2, the Committee may report to the Board from time to time 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. The Chair and Vice-Chair shall serve in such capacities for a term of one year and may be re-elected by vote of a majority of the members of the Committee.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the Board of Trustees of the District.

Section 11. Termination. The Committee shall automatically terminate and disband concurrently with the Committee's submission of the final Annual Report which reflects the final accounting of the expenditure of all Measure Q monies.

Attachment A

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for Committee members in carrying out their responsibilities. Not all ethical 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 businesses 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.

Measure Q Citizens' Bond Oversight Committee Membership 2020-2021

Membership Areas	Committee Member	Duration of Term
Santa Ana College Student	Martha Uriarte (Appointed October 2020)	October 2020 – June 2021 June 2021 – June 2022 (Optional) (Appointed at 10/26/20 Board meeting)
Business Organization	Drew Hatcher (Appointed October 2020)	November 2020 – November 2022 (Appointed at 10/26/20 Board meeting)
Senior Citizens' Organization	Vacant	
Taxpayers Association	Vacant	
Santa Ana College Foundation	Alberta Christy (Appointed 2017)	February 2017 – February 2019 February 2019 – February 2021 February 2021 – February 2023
Community At-Large #1	Paul Gonzales (Appointed 2018)	January 2019 – January 2020 November 2020 – January 2022 (Re-Appointed at 10/26/20 Board meeting)
Community At-Large #2	Irma Avila Macias (Re-Appointed October 2020)	November 2020 – January 2022 (Re-Appointed at 10/26/20 Board meeting)
Community At-Large #3	Kenneth Nguyen (Re-Appointed December 2020)	January 2021 – January 2023 (Re-Appointed at 12/14/20 Board meeting)
Community At-Large #4	Teresa Saldivar (Appointed October 2020)	November 2020 – November 2022 (Appointed at 10/26/20 Board meeting)
Community At-Large #5	Vacant	
Community At-Large #6	Vacant	

Measure Q Citizens' Bond Oversight Committee

Santa Ana College – Cook Gym
1530 West 17th Street, Santa Ana
6:00 p.m. – 7:49 p.m.

Minutes of November 5, 2020

Members Present: Alberta Christy, Paul Gonzales, Drew Hatcher, Jim Hossfeld, Irma Avila Macias, Teresa Saldivar and Martha Uriarte

District Staff Present: Marvin Martinez, Marilyn Flores, Adam O'Connor, Carri Matsumoto, Linda Melendez and Kennethia Vega

Guests: Leisa Schumacher

1. Call to Order/Introductions: Mr. Hossfeld called the meeting to order at 6:00 p.m. and introductions were completed. There were no requests for public comments.
2. Approval of Minutes – October 28, 2019
Alberta Christy made a motion, which was seconded by Paul Gonzales, to approve the minutes of the October 28, 2019 meeting as presented. With no comments, edits or questions, the motion passed with abstentions by Drew Hatcher, Teresa Saldivar and Martha Uriarte.
3. Committee Membership – O'Connor
Mr. O'Connor reviewed and discussed the membership roster along with the need to fill vacancies on the committee. At least six members need to be present to meet quorum requirements. Recommendations can be submitted to staff for consideration.
4. 2019-2020 Measure Q Citizens' Bond Oversight Committee Annual Report to the Community
The Committee reviewed a draft version of the 2019-2020 Annual Report to the Community noting edits that included a correction to the designation of Jim Hossfeld to Business Organization Representative and a minor edit in the 4th paragraph, 3rd line Chair's message. The Annual Report is the legally required document that is distributed and made available to campus and community confirming appropriate spending of funds on projects. Mr. O'Connor further explained the expected clean financial and compliance audit reports with no findings.

With no additional comments or questions, Drew Hatcher made a motion to approve the 2019-2020 Annual Report to the Community as corrected. Irma Avila Macias seconded the motion and it passed unanimously. Mr. O'Connor noted the next step in the process, to present the approved report to the RSCCD Board of Trustees at their meeting on December 14, 2020 for acceptance. Once accepted, final printed copies will be available for dissemination to members, the campus and community as well as posted on the website. If committee members want extra copies to share with others, they are to let staff know how many they would like.

5. District Update – Martinez
Chancellor Martinez provided a brief update of the District including the impact of COVID-19 on the instructional programs at the colleges and the requirement to adapt with 80% of classes online and very limited classes conducted face-to-face under current guidelines of the Red tier. Enrollment has been an issue because students prefer face-to-face over online format. If the County moves to the Orange tier, then 50% capacity would permit more face-to-face classes.

Since the last meeting in October 2019, Dr. Linda Rose retired (June 30, 2020) and Dr. Marilyn Flores (July 1, 2020) was appointed the interim President at SAC. Chancellor Martinez

commended Dr. Flores for hosting the in-person meeting and extended appreciation of the staff supporting this effort. It is difficult to manage with COVID-19 restrictions but managers have succeeded in providing support and services to our students and making everyone feel safe. Additionally, RSCCD offered a Supplemental Retirement Program to assist with budget challenges and 76 employees took advantage, including Vice Chancellor Peter Hardash. As a result, Adam O'Connor is serving as the Interim Vice Chancellor, Business Operations/Fiscal Services.

Further, RSCCD will welcome three new trustees because of the recent elections. Trustee/President Alvarez is outgoing with her last meeting to be Monday, November 9, 2020. She served RSCCD for eight years. Trustee Barrios ran for Orange City Council and her last meeting will be Monday as well. Nelida Mendoza left the board in May taking a position with the City Council of Santa Ana. Each of the new trustees (Tina Arias Miller, David Crockett and Sal Tinajero) will be sworn in at the December 14 Board Meeting. The Chancellor has called each one to congratulate them on their election success and met with them individually to bring them up to speed.

The fall semester will conclude in mid-December with intersession to begin in January 2021 and spring semester to begin in February 2021. Challenges have been difficult, but thankful that faculty, staff and students continue to rise to the occasion. In concluding his report, the Chancellor thanked the members for their service to the committee, Santa Ana College and the community.

In response to members' questions, Chancellor Martinez explained a number of classes such as fire technology and criminal justice academies, nursing, occupational therapy assistant, welding, auto and like programs must be in-person due to the nature of hands-on clinical, training, and labs. These courses are very restrictive; everyone must adhere to safety and physical distance requirements and great care ensured to protect everyone's safety. There has been no evidence of the spread of the virus as a result. Testing is also available on campus weekly with walk-up option on Wednesday-Thursday and drive-through option on Saturday and Sunday. This is for all residents of Santa Ana and those that live work or learn in the city of Santa Ana. Tests are conducted at SAC. What other incentives do online or former students have to be motivated and enroll in the spring semester, besides opening the campus from 25-50% capacity. In the Spring, RSCCD plans to be mostly online with a few courses face-to-face. Additionally, Career Technical Education (CTE) courses such as nursing, criminal justice, fire technology, auto, welding will continue with limited face-to-face courses especially those that require hands-on training until the County capacity changes. Unfortunately, current testing numbers are rising and it is potential the County could slip back into the Purple tier, which is much more restrictive.

6. Measure Q Projects Update - Matsumoto

Ms. Matsumoto provided a brief update on the Measure Q projects noting two of the four projects are complete including Dunlap Hall and Central Plant. Current projects under construction include the Science Center and the new Johnson Student Center.

The Science Center is a new 3-story building with 64,785 square feet of space and an 880 square foot stand-alone greenhouse structure. This building will house biology, chemistry and geology, engineering and physics labs with modern technology. Three separate building were demolished to create the footprint for this building and it was to be complete by now. Due to challenging corrective work, delays, the project completion and occupancy is now postponed to fall semester 2021. The corrective work is complex for the reinstallation of the exterior metal panels and window water intrusion due to failed adhesion tests. As of last week, the metal panels were reinstalled. Inspection is pending. Water intrusion testing revealed high intrusion failure rate concluding that two sealants were not adhering to one another and now the manufacturer is saying the two sealants are not compatible. This is contrary to what the manufacturer stated in 2019. The problems are complex, could not have been predicted and

very frustrating. We are nearing agreement with the contractor to remove all sealant from the primary joint and the secondary joints of approximately 117 windows on the building. The building would be ready for move-in if it were not for the exterior window problem. This has caused the current delay. Will likely have change orders by the contractor for the job. The current budget stands at \$70.48 million and yet to resolve what the costs may be but there is sufficient budget for the project. It is anticipated that window remediation will last through the winter and the building available for fall semester occupancy. The completion schedule will change due to these outstanding matters. It is not beneficial to the District to accept a building that is not compliant with fire, life, and safety and ADA requirements nor would we want to compromise the warranty and applicable insurances for 10-year post occupancy of this building for defective workmanship. There could be additional costs and extended time due to the dispute, of which RSCCD will defend the dispute. Additional discussion continued about potential mediation, arbitration or litigation to remedy the issues. The goal is not to incur additional costs for litigation. The contractor is not in default but working to remedy the problem. Ms. Matsumoto also confirmed that full-time inspectors remain on site for the each project every day as well as DSA inspectors that visit monthly.

The new Johnson Student Center is approximately 84% complete with space designated for several student services programs, bookstore, student business office and quick stop/café. Additionally, warehouse, conference center space and mail services are located in this building. This building is important to campus life with improvements to invigorate the heart and soul of student services. There is a shade shelter and an outdoor food-serving kiosk near the pool as well as enhanced seating areas. There are delays to the project but not under dispute. It is design-related to the elevator tower 2. This design-related issue is on the critical path of construction and includes a horizontal metal beam obstructing the interior elevator shaft. This requires a redesign and further delays other work until it is resolved. This now extends time for completion to summer 2021. It does not change the budget at \$60 million and there are contingency funds available. The overall general contractor (McCarthy) is the same for both projects while the subcontractor for the metal panel work is a different vendor.

Ms. Matsumoto concluded her report by reviewing the summary that tracks the budgets and changes with adjustments made in September due to adopted budget. The Johnson Student Center budget is only deficient by \$801,778 but it is not a concern.

Members inquired of the vacant lot at 17th and Bristol. Ms. Matsumoto explained the City of Santa Ana did not approve the project and the Board of Trustees removed it from the list with the reallocation of funds to other projects. RSCCD is undertaking a feasibility study to develop the property for use and benefit of the campus and community. Those planning efforts will begin next year and the lot will stand as is until planning determines otherwise. Mr. O'Connor noted the project is not part of the 2019-20 annual report to the community and is no longer an active project; it is closed and funds transferred to support the Johnson Student Center. A discussion ensued about future development of the vacant lot, improvements at CEC, and the need to make parking a priority for students upon their return to campus. Additionally, Mr. O'Connor explained that additional projects would not be part of Measure Q. Once the two current projects are complete, that would be the end of Measure Q.

7. Measure Q Financial Update – O'Connor

Mr. O'Connor reviewed the Projects Cost Summary for the year-end 2019-20 and explained how to read the summary, active and closed projects, total allocation, current year expenditures and project balance. Measure Q has spent over \$42 million in 2019-20. In August 2019 of \$198 million, the final series C bonds were issued at \$56.8 million and it was perfect timing. He also reviewed first quarter through September 30 of fiscal year 2020-21 with \$5.4 million in over three months. Spending has slowed with approximately 94% spent or encumbered.

RSCCD refinanced \$48.3 million from Measure Q and \$94.5 million from previous bond Measure E in August of this year. This is huge for our taxpayers and saves \$25 million in future tax assessments. It was the perfect time to hit the market. Mr. O'Connor expressed appreciation of the Board of Trustees for taking this action. Members are encouraged to share this information with the public.

➤ Proposition 39 General Obligation Bonds Measure Q Financial and Performance Audits for the fiscal year ended June 30, 2019

Mr. O'Connor reviewed and referenced various pages of the audit confirming a clean opinion and no findings. This too is available to share with the public. It is now the responsibility of the members to accept and receive, attesting to the financial and performance audit reports.

Paul Gonzales made a motion to receive and accept the Financial and Performance Audits Revenue Bond Construction Fund (Measure Q) for the period ending June 30, 2019. Irma Avila Macias seconded the motion and the motion passed unanimously to receive and accept as presented.

8. Santa Ana College Update – Flores

Dr. Flores provided a brief update on the activities of Santa Ana College including current enrollment (which is currently in decline), impacts of COVID-19 and adaptation to online, face-to-face, hybrid and athletic conditioning (outdoor) courses. She discussed PPE availability, capacity limitations, COVID testing availability, and precautions to protect the safety of faculty, staff and students. Intersession and spring semester will remain very similar to fall schedule with limited face-to-face courses. Student Services are available in person but by appointment only and staff assigned to a staggered schedule. Staff and students are encouraged to take advantage of the free testing and to date 20,600 tests have been administered. She also reported on the activities of Art professor Darren Hostetter receiving a grant to complete a mural in Orange County for Black Lives Matter. With the opening of the college to students, the child development center has opened three classrooms with 10 children each that began Monday, November 2 through December 11, 2020. Through the Digital Dons program, 675 laptops were distributed and through the Don's Corner, 425 students received food distribution. The student newspaper recently received numerous prestigious awards with a total exceeding 27 placements since 1998.

9. Future Meeting Dates

Future meeting dates were discussed and tentatively set for 6:00 pm on January 14, 2021, May 13, 2021, and September 23, 2021. It was further determined that an additional meeting may be necessary in late October 2021.

10. Committee Comments

Members shared comments and expressed appreciation of Santa Ana College, the SAC Foundation and RSCCD. In conclusion, Jim Hossfeld announced his work has him assigned outside the local area and therefore resigned his position from the committee. He encouraged members to fill the vacancies on the committee. Mr. O'Connor commended Jim Hossfeld for his commitment, dedication and professional attributions as a member since 2015 and the chair since 2017.

11. Adjournment

A motion was made by Alberta Christy and seconded by Drew Hatcher to adjourn the meeting. The motion passed unanimously to adjourn at 7:49 p.m.



**CITIZENS' BOND OVERSIGHT COMMITTEE MEETING
PROJECT UPDATES
JANUARY 14, 2021**





PROJECTS

- ▶ Dunlap Hall Renovation - Completed
- ▶ Central Plant & Infrastructure - Completed
- ▶ Johnson Student Center & Demolition
- ▶ Science Center & Building J Demolition



PROJECT UPDATE SANTA ANA COLLEGE SCIENCE CENTER & BUILDING J DEMOLITION

Project Summary:

- ▶ Construction of a new three-story, 64,785 square foot science center and 880 square foot greenhouse
- ▶ Programs Include: Division Office, Faculty Offices, (2) Standard Classrooms, (1) Large Classroom, (1) Large Divisible Classroom, (1) Engineering Lab & Support Space, (6) Biology Labs & Support Space, (2) Geology Labs & Support Space, (5) Chemistry Labs & Support Space, (1) Physics Lab & Support Space, Student Collaboration Areas
- ▶ Project includes demolition of (3) J Buildings

Current Status:

- ▶ Ongoing punch list activities
- ▶ New corrective work to exterior metal panel reinstallation is almost complete
- ▶ Ongoing corrective work due to failed window water intrusion testing and recent failed sealant adhesion tests
- ▶ Project is delayed due to the above unfinished work
- ▶ Target occupancy Summer 2021 for Fall semester classes

Budget:

- ▶ \$70.48 million





PROJECT UPDATE SANTA ANA COLLEGE JOHNSON STUDENT CENTER

Project Summary:

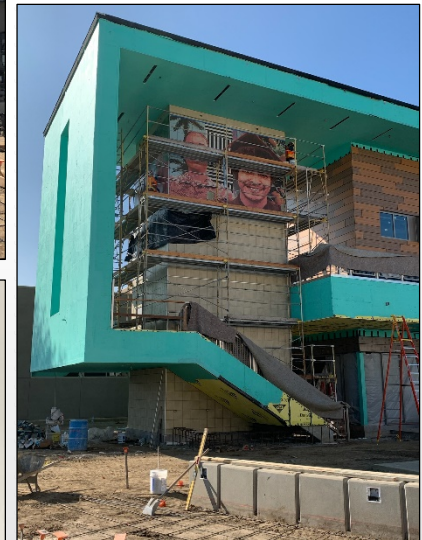
- ▶ Demolition of existing building
- ▶ Construction of a 63,642 square foot new Johnson Student Center
- ▶ Building Programs Include: Campus Store, Quick Stop/Café, DSPS, EOPS/CARE & CalWORKS, Student Business Office, SSSP/Upward Bound, Warehouse, Reprographics, Conference Center, Financial Aid, Student Placement, Health & Wellness Center, Office of Student Life, ASG, The Spot
- ▶ Site improvements include new hardscape, landscape and shade shelter around the Johnson Center as well as renovations in the West Plaza including new landscape, hardscape, a shade structure, and a campus serving kiosk (Express West)

Current Status:

- ▶ New Completed installation of exterior signage, window water intrusion testing, interior cabinets, acoustical ceiling, resin paneling and other interior work.
- ▶ New Ongoing interior finish work and exterior site and building work.
- ▶ New Potential Covid-19 impacts to fabrication of metal panels which may cause delays to the exterior metal panel installation.
- ▶ Target occupancy Summer 2021

Budget:

- ▶ \$60 million
- ▶ \$59.20 million funded by Measure Q
- ▶ Note: The budget is currently deficient by \$801,778



MEASURE Q BUDGET HISTORY

PROJECT	INITIAL START-UP PLANNING TOTAL PROJECT BUDGET (February 2014)	CURRENT ESTIMATED TOTAL PROJECT BUDGET (October 2020)	BUDGET MODIFICATION NOTES
Dunlap Hall Renovation	\$14.2M	12.62M	1) Prior to 2014, the project budget was initially set-up in Measure E. Certain softs costs are still expensed to Measure E. 2) In 2014, a new project budget was set-up in Measure Q to cover construction costs. 3) In November 2014, increase in budget due to expense transfers from Measure E. 4) In November 2014, increase in costs associated with an extension of time due to unforeseen conditions on the roof. 5) In April 2016, decrease budget by \$2.6 million expense transfers to Measure E. 6) In August 2016, decrease budget by \$1.2 million expense transfers to Measure E.
17th & Bristol St Parking Lot	\$1.7M	\$0.00	1) The acquisition of the property was paid out of Measure E in April 2014. 2) In 2014, a new budget was needed for the development of property into a surface parking lot. 3) In 2015, adjusted costs for construction of parking lot based on estimator's review of construction documents. 4) In June 2018, project budget balance of \$2.3M was allocated to Johnson Center.
Central Plant	\$68.17M	\$57.28M	1) In February 2014, adjustment made to conceptual budget of \$40 million, due to a final scope of work, a new target construction budget, and a new construction schedule. 2) In November 2018, re-allocated \$10.36 million to Johnson Student Center to cover deficiency. This budget is now at \$57.81M. 3) In June 2019, re-allocated \$527,947 to Johnson Center to cover deficiency and to close out this project.
Johnson Center	\$16.7M	\$60M	1) In 2014, an initial conceptual budget of \$16.7 million was established based on a renovation project. 2) In October 2014, budget increased to \$28.49 million due to a change in scope from a renovation project to a replacement project. 3) In November 2015, budget increased to \$40.70 million based on College's selection of Option 7 which included additional programs and an increase in square footage. 4) In April 2016, re-allocated \$2.7 million from Dunlap budget to increase budget to cover deficiency. The budget was deficient by \$5.64 million and is now deficient by \$2.9 million. 5) In August 2016, re-allocated \$1.2 million from Dunlap budget to increase budget to cover deficiency. The budget was deficient by \$2.9 million and is now deficient by \$1.7 million. 6) In October 2017, re-allocated \$492,134 from bond interest to increase budget to cover deficiency. The budget was deficient by \$1.74 million and is now deficient by \$1.25 million. 7) In April 2018, re-allocated \$2.5 million from Johnson Demolition; budget was increased from \$40.70 million to \$50 million. Project is deficient by \$8.05 million as the current budget allocation available is \$41.95 million. 8) In June 2018, re-allocated \$2.3 million from 17th & Bristol project and an additional \$13,382 from Dunlap Hall project balance. Project balance is currently deficient by \$6.73 million as the current allocated budget is \$44.27 million 9) In October 2018, re-allocated \$474,276 from bond interest to cover deficiency. The budget was deficient by \$6.73 million and is now deficient by \$6.26 million 10) In November 2018, re-allocated \$10.36M from Central Plant to cover deficiency. The budget was deficient by \$15.27 based on the new budget of \$60M and is now deficient by \$4.90M. 11) In January 2019, re-allocated \$2.9M from Science Ctr to cover deficiency. The budget was deficient by \$4.9M and is now deficient by \$2M. 12) In June 2019, re-allocated \$527,947 to cover deficiency. The budget was deficient by \$2M and is now deficient by \$1.5M. 13) In June 2019, re-allocated \$899,380 from bond interest to cover deficiency. The budget is now deficient by \$568,468. 14) In October 2019, re-allocated \$10,594 from bond contingency to cover deficiency. The budget is now deficient by \$557,874. 15) In September 2020, adjusted adopted budget. The budget is now deficient by \$801,778.
Johnson Demolition	\$0.00	\$0.00	1) In 2015, a new budget was needed due to a change in scope from a renovation to a replacement project. 2) In April 2016, increased budget by \$700,000 due to estimated increase in demolition costs from \$1.8 million to \$2.5 million. 3) In April 2018, reallocated budget to Johnson Student Center due to consolidation of phases into one project.
Science Center	\$66M	\$70.48M	1) In 2014, an initial conceptual budget of \$66 million was established. 2) In October 2014, a new planning total budget was established of \$62.94 million based on a more defined scope. 3) In July 2015, budget increased to \$73.38 million based on College's selection of Option A.3 which outlined the final program including additional labs and an increase in square footage. The new program changed from STEM to Science Center. 4) In January 2019, re-allocated \$2.9M to Johnson Center to cover deficiency. This budget is now at \$70.48M.



QUESTIONS



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary

12/31/20 on 01/05/21

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2020-2021		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3035/3056	Johnson Student Center	59,198,222	36,998,707	10,585,800	10,605,835	58,190,342	1,007,880	98%
	Agency Cost		479,276	(1)	3,443	482,718		
	Professional Services		5,273,249	582,635	1,223,524	7,079,408		
	Construction Services		31,161,950	9,995,537	8,355,017	49,512,503		
	Furniture and Equipment		84,233	7,629	1,023,852	1,115,714		
3049	Science Center & Building J Demolition	70,480,861	55,803,846	1,517,314	4,313,879	61,635,040	8,845,821	87%
	Agency Cost		430,871	10,260	1,696	442,827		
	Professional Services		8,613,856	401,582	624,777	9,640,215		
	Construction Services		45,942,968	125,364	3,006,032	49,074,364		
	Furniture and Equipment		816,152	980,108	681,374	2,477,634		
TOTAL ACTIVE PROJECTS		129,679,083	92,802,553	12,103,114	14,919,715	119,825,382	9,853,701	92%
CLOSED PROJECTS								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-	-	559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,266,535	57,266,535	-	-	57,266,535	0	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,593,001	-	-	9,593,001		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		40,437	-	-	40,437		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
TOTAL CLOSED PROJECTS		70,085,335	70,085,334	-	-	70,085,334	0	100%
GRAND TOTAL ALL PROJECTS		199,764,418	162,887,887	12,103,114	14,919,715	189,910,716	9,853,701	95%
SOURCE OF FUNDS								
	ORIGINAL Bond Proceeds	198,000,000						
	ACTUAL Bond Proceeds Recon Adjust.	(1,614,579)						
	Interest Earned	2,993,115						
	Interest/Expense (FY20/21)	385,881						
	Totals	199,764,418						



January 8, 2021

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

We have audited the financial statements and conducted our performance audit of Rancho Santiago Community College District's (the District) Revenue Bond Construction Fund (Measure Q) as of and for the year ended June 30, 2020, and have issued our reports thereon dated January 8, 2021. Professional standards require that we advise you of the following matters relating to our audits.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and the Performance Audit under *Government Auditing Standards*

As communicated in our letter dated February 18, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Additionally, as communicated in our letter dated February 18, 2020, our responsibility, as described by professional standards, is to conduct a performance audit in accordance with *Government Auditing Standards*. Our audit of the financial statements and performance audit do not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. We are also responsible for communicating significant matters related to the objectives of the performance audit. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audits

We conducted our audits consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the the year ended June 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audits

We encountered no significant difficulties in dealing with management relating to the performance of the audits.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Understatement of cash in county treasury (fair market value adjustment)	\$294,179
--	-----------

Fair market value was not adjusted because gains or losses generally do not materialize due to the nature of the investment in the county treasury pool. Redemptions of this investment are generally at face value

The effect of these uncorrected misstatements as of and for the year ended June 30, 2020, is an understatement of revenues of approximately \$294,179, and understatement of fund balance of approximately \$294,179.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's Revenue Bond Construction Fund (Measure Q) financial statements or the auditor's report. No such disagreements arose during the course of the audits.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 8, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of

material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Revenue Bond Construction Fund specific to Measure Q are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California



Financial and Performance Audits
Revenue Bond Construction Fund (Measure Q)
June 30, 2020

Rancho Santiago Community College District

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Financial Audit

Revenue Bond Construction Fund (Measure Q)

June 30, 2020

**Rancho Santiago Community College
District**



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), Revenue Bond Construction Fund (Measure Q), as of and for the year ended June 30, 2020, 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 statements 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 error or fraud. 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 presentation of the financial statements.

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 Revenue Bond Construction Fund (Measure Q) of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Revenue Bond Construction Fund specific to Measure Q are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the District's Revenue Bond Construction Fund (Measure Q) 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 solely 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 effectiveness of the District's Revenue Bond Construction Fund (Measure Q) 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 Revenue Bond Construction Fund (Measure Q) internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 8, 2021

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)

Balance Sheet
June 30, 2020

Assets	
Cash collections awaiting deposit	\$ 238,513
Investments	38,205,621
Accounts receivable	39,908
Due from other funds	3,446
Prepaid expenditures	<u>324,136</u>
Total assets	<u>\$ 38,811,624</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	<u>\$ 2,320,097</u>
Fund Balance	
Restricted for capital projects	<u>36,491,527</u>
Total liabilities and fund balance	<u>\$ 38,811,624</u>

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2020

Revenues	
Local revenues	<u>\$ 994,983</u>
Expenditures	
Services and other expenditures	439,767
Capital outlay	<u>42,082,052</u>
Total expenditures	<u>42,521,819</u>
Deficiency of Revenues over Expenditures	<u>(41,526,836)</u>
Other Financing Sources	
Other sources - proceeds from sale of general obligation bonds	<u>56,815,000</u>
Net Change in Fund Balance	15,288,164
Fund Balance, Beginning	<u>21,203,363</u>
Fund Balance, Ending	<u><u>\$ 36,491,527</u></u>

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Revenue Bond Construction Fund (Measure Q) 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). The District's Revenue Bond Construction Fund (Measure Q) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

Financial Reporting

The financial statements include only the Revenue Bond Construction Fund of Rancho Santiago Community College District (the District) used to account for Measure Q projects. This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the General Obligation Bond Election of November 2012. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Revenue Bond Construction Fund (Measure Q) 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 Revenue Bond Construction Fund (Measure Q) 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.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

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

As of June 30, 2020, the fund balance is 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. 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.

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. District regulations require that funds that are not required for the immediate need of the District may be invested in the County Treasurer's Investment Pool. The District manages its exposure to interest rate risk by investing in the Orange County Investment Pool. The District maintains an investment of \$38,205,621 with the Orange County Investment Pool, with an average maturity of 266 days.

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)

Notes to Financial Statements
June 30, 2020

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 by Standard & Poor's.

Note 3 - Accounts Receivable

Receivables at June 30, 2020, consist of the following:

Interest income	\$	39,908
		<u>39,908</u>

Note 4 - Due from Other Funds

Amounts due from other funds at June 30, 2020, consisted of \$3,446 due from the Capital Outlay Project Fund for capital outlay costs paid for by Measure Q, but incurred by the Capital Outlay Project Fund.

Note 5 - Accounts Payable

Accounts payable at June 30, 2020, consist of the following:

Construction	\$	2,320,097
		<u>2,320,097</u>

Note 6 - Commitments and Contingencies

As of June 30, 2020, the Revenue Bond Construction Fund (Measure Q) had the following significant construction commitments as defined by the bond documents:

	Spent to Date	Remaining Construction Commitment	Expected Fiscal Year of Completion
Johnson Student Center - SAC	\$ 36,998,707	\$ 18,916,009	2021
Science Center - SAC	55,803,846	5,282,168	2021
Russell Hall Replacement (Health Sciences) - SAC	3,418,096	3,712,107	2022
	<u>\$ 96,220,649</u>	<u>\$ 27,910,284</u>	

These projects are funded through a combination of general obligation bond funds and capital project apportionments from the California State Chancellors Office.

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 Revenue Bond Construction Fund (Measure Q) at June 30, 2020.



Independent Auditor's Report
June 30, 2020

**Rancho Santiago Community College
District**



**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 financial statements of the Rancho Santiago Community College District (the District) Revenue Bond Construction Fund (Measure Q), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2021.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Revenue Bond Construction Fund specific to Measure Q are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Revenue Bond Construction Fund (Measure Q) internal control over financial reporting (internal control) as a basis for designing 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 Revenue Bond Construction Fund (Measure Q) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Revenue Bond Construction Fund (Measure Q) 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 Revenue Bond Construction Fund (Measure Q) 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 District's Revenue Bond Construction Fund (Measure Q) financial statements are free from 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 financial statements. 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 Revenue Bond Construction Fund (Measure Q) 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 Revenue Bond Construction Fund (Measure Q) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 8, 2021

None reported.

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)
Summary of Schedule of Prior Audit Findings
June 30, 2020

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



Performance Audit

Revenue Bond Construction Fund (Measure Q)

June 30, 2020

**Rancho Santiago Community College
District**



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 the Rancho Santiago Community College District (the District) Revenue Bond Construction Fund (Measure Q) for the year ended June 30, 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and 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. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended Revenue Bond Construction Fund (Measure Q) funds 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.

This report is intended solely for the information and use of the District, and is not intended to be and should not be used by anyone other than this specified party.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 8, 2021

Authority for Issuance

The general obligation bonds associated with Measure Q 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 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed \$198,000,000 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 October 2014, the District issued General Obligation Bonds, Election of 2012, Series 2014 A in the amount of \$70,585,000. The Series 2014 A Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on September 22, 2014. The Bonds represent the first series of bonds sold within the Authorization.

In December 2017, the District issued General Obligations Bonds, Election of 2012, Series 2017 B in the amount of \$70,600,000. The Series 2017 B Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on November 13, 2017. The Bonds represent the second series of bonds sold within the Authorization.

In August, 2019, the District issued General Obligation Bonds, Election 2012, Series 2019 C in the amount of \$56,815,000. The Series 2019 C Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on July 15, 2019. The Bonds represent the third and final series of bonds sold within the Authorization.

Purpose of Issuance

The net proceeds of the Bonds issued under the 2012 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 and construction 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

- Determine whether expenditures charged to the Revenue Bond Construction Fund (Measure Q) have been made in accordance with the Bond project list approved by the voters through the approval of the Measure Q.
- Determine whether salary transactions, if any, charged to the Revenue Bond Construction Fund (Measure Q) were in support of Measure Q and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2019 through June 30, 2020. 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, 2020, were not reviewed or included within the scope of our audit or in this report.

Methodology

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2020, for the Revenue Bond Construction Fund (Measure Q). Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure Q as to the approved bond projects list. We performed the following procedures:

1. We identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
2. We selected a sample of expenditures using the following criteria:
 - a. We considered all expenditures recorded in all object codes, including transfers out.
 - b. We considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from Measure Q bond proceeds.
 - c. We selected a sample of expenditures using professional judgement, based on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for the period starting July 1, 2019 and ending June 30, 2020.
3. Our sample included transactions totaling \$36,587,593. This represents 86 percent of the total expenditures of \$42,521,819, including transfers out.
4. We reviewed the actual invoices and other supporting documentation to determine that:
 - a. Expenditures were supported by invoices with evidence of proper approval and documentation of receipting goods or services.
 - b. Expenditures were supported by proper bid documentation, as applicable.
 - c. Expenditures were expended in accordance with voter-approved bond project list.
 - d. Bond proceeds were not used for salaries of school administrators or other operating expenses of the District.
5. We determined that the District has met the compliance requirement of Measure Q if the following conditions were met:
 - a. Supporting documents for expenditures were aligned with the voter-approved bond project list.
 - b. Expenditures were not used for salaries of school administrators or other operating expenses of the Districts.

Conclusion

The results of our tests indicated that, in all significant respects, the Rancho Santiago Community College District has properly accounted for the expenditures held in the Revenue Bond Construction Fund (Measure Q) and that such expenditures were made for authorized Bond projects.

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)
Schedule of Findings and Questioned Costs
June 30, 2020

None reported.

Rancho Santiago Community College District
Revenue Bond Construction Fund (Measure Q)
Summary of Schedule of Prior Audit Findings
June 30, 2020

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