

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF PROCEEDS AND USE OF
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES 2003 A)**

For the period from March 31, 2003 through June 30, 2003

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES 2003 A)
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying schedule of proceeds and use of General Obligation Bonds (Election of 2002, Series 2003 A) of the Rancho Santiago Community College District's (the District) for the period from March 31, 2003 through June 30, 2003. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

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

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

In our opinion, the schedule of proceeds and use of general obligation bonds referred to in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election of 2002, Series 2003 A) for the period from March 31, 2003 through June 30, 2003, on the basis of accounting described in Note 2.

Macias, Gini & Company LLP

Certified Public Accountants

Los Angeles, California
December 15, 2003

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS
(ELECTION OF 2002, SERIES 2003 A)
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM MARCH 31, 2003 THROUGH JUNE 30, 2003**

Bond Proceeds	\$ 96,125,000	
Original Issue Premium	2,965,876	
Total Proceeds	<u>99,090,876</u>	
Bond Issuance Costs	(1,567,250)	
Net Bond Proceeds	<u>97,523,626</u>	
Bond Interest Income	192,832	
Net Bond Proceeds and Interest Income	<u>97,716,458</u>	
Project Expenditures:		
<i>Santa Ana College</i>		
Land Acquisition	\$ 8,295,664	
Women's Locker Room	75,304	
Digital Media	<u>85,691</u>	
<i>Total Expenditures for Santa Ana College</i>		8,456,659
<i>Santiago Canyon College</i>		
Land Acquisition	24,775,641	
Site Acquisition	2,230	
Learning Resource Center	20,878	
Student Service/Classroom Building	1,035,779	
Parking Facilities	<u>955</u>	
<i>Total Expenditures for Santiago Canyon College</i>		25,835,483
<i>RSCCD - District</i>		
Telephone/Computer - District	<u>25,205</u>	
<i>Total Expenditures for RSCCD District</i>		<u>25,205</u>
Total Project Expenditures		<u>34,317,347</u>
Ending Balance, as of June 30, 2003		<u><u>\$ 63,399,111</u></u>

See accompanying notes to the schedule.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
FOR THE PERIOD FROM MARCH 31, 2003 THROUGH JUNE 30, 2003**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

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

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

Santa Ana College

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

Santiago Canyon College

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

Rancho Santiago Community College District Building

- Telephone/Computer

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM MARCH 31, 2003 THROUGH JUNE 30, 2003**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Bond Proceeds

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

C. Project Expenditures

Expenditures are recognized when payments for approved projects are made.

NOTE 3 – BONDED DEBT

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

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

The annual debt service requirements to amortize the bonds payable, outstanding as of June 30, 2003, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ -	\$ 3,736,864	\$ 3,736,864
2005	3,420,000	4,030,063	7,450,063
2006	6,395,000	3,881,913	10,276,913
2007	6,935,000	3,678,613	10,613,613
2008	1,500,000	3,564,263	5,064,263
2009-2013	9,850,000	17,022,138	26,872,138
2014-2018	14,715,000	14,787,388	29,502,388
2019-2023	21,845,000	10,536,844	32,381,844
2024-2027	31,465,000	4,099,500	35,564,500
Totals	<u>\$ 96,125,000</u>	<u>\$ 65,337,582</u>	<u>\$ 161,462,582</u>

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES 2003 A)
NOTES TO THE SCHEDULE OF PROCEEDS AND USE OF GENERAL
OBLIGATION BONDS (CONTINUED)
FOR THE PERIOD FROM MARCH 31, 2003 THROUGH JUNE 30, 2003**

NOTE 4 – RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures between the cash and accrual basis as of June 30, 2003:

Expenditures:

Expenditures - Cash Basis	\$ 34,317,347
Accounts Payable	841,285
Expenditures - Accrual Basis	\$ 35,158,632

Revenues:

Interest Income - Cash Basis	\$ 192,832
Interest Receivable	(67,168)
Interest Income - Accrual Basis	\$ 260,000

Bond Issuance Cost - Cash Basis	\$ 2,965,876
Amortized Bond Issuance Cost	(43,616)
Unamortized Bond Issuance Cost - Accrual Basis	\$ 2,922,260

NOTE 5 - COMMITMENTS AND CONTINGENCIES

A. Bond Fund Compliance

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

B. Construction Contracts

The District has outstanding project construction commitments of \$7,958,903 at June 30, 2003.



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

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

We have examined Rancho Santiago Community College District's compliance with Article XIII A of the Constitution of the State of California on the use of general obligation bond proceeds for the period from March 31, 2003 through June 30, 2003. The compliance requirements are as follows:

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

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

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

In our opinion, Rancho Santiago Community College District complied, in all material respects, with the aforementioned requirements for the period from March 31, 2003 through June 30, 2003.

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

Macias, Jim & Company LLP

Certified Public Accountants

Los Angeles, California
December 15, 2003