



# 2019 Annual Report of the Independent Citizens' Bond Oversight Committee

SANTA CLARITA  
COMMUNITY COLLEGE DISTRICT

2018-2019 FISCAL YEAR

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# 2019 ANNUAL REPORT OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE

SANTA CLARITA COMMUNITY COLLEGE DISTRICT  
2018-2019 FISCAL YEAR

## REGION:

The Santa Clarita Valley (SCV) includes the communities of Saugus, Valencia, Canyon Country, Newhall, Stevenson Ranch and Castaic. This valley, surrounded by scenic mountain ranges, is the northern gateway to Los Angeles County. Santa Clarita is the fourth largest city in Los Angeles County, preceded only by Glendale, Long Beach, and the largest city, Los Angeles. Santa Clarita enjoys a lower density of population, with space for significant expansion. This is a stark contrast to most cities in the Los Angeles basin, where people and companies are simply running out of room. The area is characterized by many canyons that generally run in a north-south direction and slope upward toward the north. The valleys are fertile and once supported agriculture, but most of the area is now in rapidly growing housing and commercial development. Many of the almost 300,000 residents commute each day to the Antelope and San Fernando valleys and south into the Los Angeles basin.

## DISTRICT SERVICE AREA:

Changes and significant progress have occurred throughout the SCV over the years, and College of the Canyons (COC)/Santa Clarita Community College District (SCCCD) has been propelled forward by a combination of the community's growth and the unwavering vision of the Board of Trustees and campus leadership to transform it into the best community college in the country. The Santa Clarita Community College District serves a geographic area of 367 square miles in the northwest portion of Los Angeles County in an area known as the Santa Clarita Valley. The district is south of the Sierra Pelona and north of the San Gabriel and Santa Susanna mountain ranges and borders Ventura County. The district is 40 miles north of Los Angeles International Airport, north of the San Fernando Valley and 30 miles east of the Pacific Ocean.

The Valencia campus of College of the Canyons is 34 miles north/northwest of downtown Los Angeles. While the 153.4-acre Valencia Campus already includes 825,000 of gross square feet with more than 560,000 square feet of dedicated learning space, more space will be provided through a variety of projects before the Valencia campus reaches its final build-out capacity. The Canyon Country Campus currently has 56,000 assigned square feet, with more than 49,000 assigned square feet of dedicated learning space. With current expansion of the permanent campus now underway, using funds from Measures M and E, the campus is expected to triple in size over the next five years.

The District is pleased to deliver the Independent Citizens' Bond Oversight Committee's 2019 Annual Report to the Santa Clarita Valley. This Annual Report will include a response to the bond performance and financial audits.

## INTRODUCING THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE

California Proposition 39, known as the School Facilities Local Vote Act, passed November 7, 2000. Prop 39 reduced the threshold needed to pass local California school district bond issues from a two-thirds supermajority vote to a 55 percent vote. California Education Code Section 15728 establishes requirements for an Independent Citizens' Bond Oversight Committee to be established when bond measures are passed under Prop 39. This is a committee of local residents whose main charge is to inform the public of how their bond dollars are spent.

The California Education Code specifies requirements for at least seven Committee members to serve for a term of two years and for no more than three consecutive terms. Members shall serve without compensation. The Committee shall be comprised of at least: one member active in a business organization representing the business community located within the district; one member active in a senior citizens' organization; one member active in a bona fide taxpayer's organization; one student both currently enrolled in District and active in a campus group (the student may serve up to six months after his or her graduation); one member active in the support and organization of a district (such as a member of an advisory council or foundation); and two members of the community at-large. No employee, official, vendor, contractor, or consultant of District shall be appointed to the Committee.

The Independent Citizens' Bond Oversight Committee actively reviews and reports on the expenditure of taxpayers' money for construction to ensure the bond funds are spent in accordance with the provisions of the Bond. The Independent Citizens' Bond Oversight Committee is accountable to the public and is not under the authority of SCCCD Board. The Independent Citizens' Bond Oversight Committee's purpose is oversight of the bond program, transparency, and communication with the public about bond expenditures. It does not have authority to choose, prioritize, or direct bond projects. During the 2018-2019 fiscal year, the Committee was comprised of ten appointed members, including a chairperson. District staff provide technical and administrative assistance to the Committee.

Position	Name
Chair (COC Foundation)	Nicholas Lentini
(Senior Citizens' Organization)	Barbara S. Cochran
(Bona-Fide Taxpayers' Organization)	Calvin Hedman
(Business Organization)	Don Kimball
(Community At Large)	Michael Hogan
(Community At Large)	Kevin Holmes

Position	Name
(Community At Large)	Spencer Leafdale
(Community At Large)	Michael Lebecki
(Community At Large)	Ruthann Levison
Associated Student Government Representative	Sebastian Cazares

## COMMITTEE ACTIVITIES

The Committee convened and participated in several key activities central to their main charge, such as preparing the Annual Report and reviewing program expenditures and annual audits. The Independent Citizens' Bond Oversight Committee met on three occasions during the 2018-2019 fiscal year. Proceedings of Independent Citizens' Bond Oversight Committee meetings included:

- Review and Acceptance of Financial and Performance Audits
- Review and Affirming District's Compliance with Requirements
- Review and Revision of Committee Bylaws
- Review of Roles and Responsibilities
- Review of Committee Membership
- Discussions with Bond Counsel and Consultants
- Review of Life-to-Date Expenditures Reports
- Review of Bond Issuance Process
- Review of Bond Pricing Process
- Review of Project Status Reports

## ABOUT MEASURE M

Measure M General Obligation Bonds were authorized in an election held on November 7, 2006. The election approved the issuance of \$160 million of general obligation bonds. Measure M passed with 62.65 percent voter approval, and passed in 147 of the 150 precincts with over 55 percent voter approval. Measure M funds were approved to assist in the build out of the Valencia Campus and provide funding for the new Canyon Country Campus as well.

- The first issuance occurred in May 2007 in the amount of \$79,997,270.
- The second issuance occurred in May 2012 in the amount of \$35,000,000.
- The third issuance occurred in September 2014 in the amount of \$25,000,000.
- The fourth issuance occurred in November 2016 in the amount of \$20,000,000.
- In addition, Measure M funds have been used to leverage approximately **\$30 million** in State Capital Facilities Funding

**Measure M Projects Completed Include:**

- Dr. Dianne G. Van Hook University Center
- Canyon Country Campus site development, modulars, expanded scope
- Canyon Country Campus Parking Lot #2
- Applied Technology Building - Canyon Country Campus
- Library Expansion
- Mentry Hall Expansion
- Student Services/Administration Building (Canyons Hall)
- Student Services/Administration Building Tenant Improvement
- Culinary Arts Facility (ICUE)
- Secondary Effects Projects, including:
  - Mentry Hall
  - Bonelli Hall (All Floors)
  - First Floor Seco Hall
  - Student Support Center
- Boykin 207 & 208 Laboratory Classrooms Renovation
- Fire Alarm Panel Replacement
- Air Handler Replacement – Boykin and Bonelli
- Chillers Rebuild – Valencia Campus
- Repairs and Modernization
- Site Upgrades
- Health and Safety
- Technology Hardware and Infrastructure
- Educational and Facilities Master Plan and Secondary Effects Master Plan
- Canyon Country Campus Parking Lot Improvement
- Soccer Field Renovations/Improvements
- Bonelli Hall Secondary Effects Renovation
- Educational and Facilities Master Plan Updates

**Measure M Projects in Progress Include:**

- Canyon Country Campus Science/Lecture Building
- Canyon Country Campus Central Plant
- ADA Transition Plan
- Repairs and Modernization
- Site Upgrades



## ABOUT MEASURE E

Measure E General Obligation Bonds were authorized in an election held on June 7, 2016. The election approved the issuance of \$230 million of general obligation bonds. Measure E passed with 58.46 percent voter approval. Measure E funds were approved to complete and remodel the Valencia Campus and provide funding for new Canyon Country Campus permanent buildings.

- The first issuance occurred in May 2017 in the amount of \$50,000,000.
- The second issuance occurred in August 2019 in the amount of \$85,000,000.
- There is \$95,000,000 available for future issuances as needed.

### Measure E Projects in Progress Include:

- Canyon Country Campus Science/Lecture Building
- Canyon Country Campus Student Services/Learning Resource Center
- Canyon Country Campus Central Plant
- PE West Modernization
- Boykin 105 Remodel
- ADA Transition Plan



## BOND PROJECTS ACTIVE IN 2018-2019

The projects summarized in the table below were begun, in process, or completed in the 2018-2019 fiscal year using money from Measure M and E General Obligation Bonds.

Project	2018-2019 Expenditures	LTD Cost as of 06/30/19*
Parking Structure Valencia	\$ 19,200,312	\$ 23,663,443
Science Lecture Bldg. (CCC)	\$ 9,325,213	\$ 15,952,457
Central Plant (CCC)	\$ 4,348,613	\$ 6,165,396
ADA Transition Plan, Phases 1 & 2	\$ 2,321,556	\$ 2,709,149
PE West Modernization, Construction & Equipment	\$ 1,422,992	\$ 1,712,700
Student Services Learning Resource Bldg. (CCC)	\$ 1,117,304	\$ 1,512,262
Boykin 105 Remodel, Construction & Equipment	\$ 765,920	\$ 830,161
Door & Lock Replacement Phase 2	\$ 463,691	\$ 463,691
Equipment - Secondary Effects	\$ 459,651	\$ 459,651
Distance Learning Remodel, Construction & Equipment	\$ 357,120	\$ 404,789
Remodel X-6, Construction & Equipment	\$ 254,838	\$ 373,724
LED Lighting Site Upgrades	\$ 185,716	\$ 185,716
Project Management Services/Other Expenses	\$ 172,182	\$ 425,860
Parking Lot 7 Utilities	\$ 157,981	\$ 952,322
PAC Carpet Replacement	\$ 109,965	\$ 109,965
Equipment - Network	\$ 106,815	\$ 482,409
Photo Lab Remodel	\$ 86,886	\$ 87,671
Pool Filter & Equipment Room Repair	\$ 79,384	\$ 79,384
Equipment - Modernization	\$ 72,722	\$ 72,722
Arts & Lecture Bldg. (CCC), Design Only	\$ 70,000	\$ 70,000
Central Plant Repairs (Valencia)	\$ 68,609	\$ 325,199
Hasley Atrium Fireproofing	\$ 66,500	\$ 67,830
Scheduled Maintenance - Misc.	\$ 63,067	\$ 75,037
CCC - Quad Modernization (HVAC)	\$ 62,415	\$ 62,415
Exhaust System - Aliso Lab	\$ 55,500	\$ 55,500
UCEN 258 - Carpet	\$ 40,546	\$ 42,341
Non-Credit Classrooms	\$ 38,032	\$ 43,985
Bloom Fuel Cell Project, Engineering	\$ 32,843	\$ 32,843
CCC - Emergency System Repairs	\$ 30,850	\$ 30,850
Equipment - Computer Replacement	\$ 23,801	\$ 23,801
Towsley HVAC Prop 39 Project	\$ 11,549	\$ 11,549
Equipment - Procurement & Fiscal Move to UCEN	\$ 7,529	\$ 176,175
COGEN Plant Repairs	\$ 7,217	\$ 349,064
Equipment - Audio Visual	\$ 6,230	\$ 105,194
Student Business Office Remodel, Construction & Equipment	\$ 6,069	\$ 12,199
August Fire Clean Up	\$ 5,243	\$ 116,183
Educational Native Plant Garden	\$ 340	\$ 136,636
<b>Total FY 2018-2019 Bond Expenditures</b>	<b>\$41,605,201</b>	<b>\$ 58,380,274</b>

*\*Please note that these Life-to-Date (LTD) expenditures only reflect those projects with activity in FY 2018-2019 and not the total LTD bond expenditures.*



## **PARKING STRUCTURE - VALENCIA CAMPUS**

Proposals from various contractors were received in March 2017. The Board of Trustees reviewed the District's recommendation to award a Design/Build contract and approved it on the April 12, 2017 board agenda.

The Design and the Division of the State Architect (DSA) process was completed in August 2017 and submitted to DSA for approval. The Project Schedule anticipated DSA approval in November 2017. The District broke ground on March 5, 2018, received DSA approval on March 29, and began grading in mid-April.

Although delayed for almost four months due to rain, the parking structure opened in time for the first day of Spring classes, February 4, 2019. The Ribbon Cutting Ceremony for the Parking Structure took place on April 18, 2019.



## **UPPER PRACTICE FIELD IMPROVEMENTS (AUXILIARY EXPENSE OF THE PARKING STRUCTURE)**

With the completion of the Parking Structure, the need for surplus parking on the upper grass field was no longer necessary. The Upper Practice Field Improvements allowed the grass field to be used by athletics once again. The improvements included removing the existing damaged grass, grading the field for proper drainage, irrigation upgrade, new sod, site work and an updated hammer/discus throw cage. Work was completed at the Upper Practice Field to allow teams to begin practice and play.



## CANYON COUNTRY SCIENCE/LECTURE BUILDING

This new 55,000 square foot building will house:

- 24 Faculty Offices
- 8 Lecture Rooms
- 2 Computer Labs
- 8 new laboratory classrooms for Chemistry, Biology, Anatomy & Physiology, Zoology, Botany, Marine Biology, Physics, Environmental Science and Astronomy complete with fume hoods, lab service rooms and state of the art equipment

Final Working Drawings were submitted to the Division of the State Architect (DSA) on January 28, 2017. DSA began their review in March 2017, and at the end of November 2017, the District received DSA approvals.

The western facing side of the Science building is progressing rapidly. Framing and drywall throughout the first two levels are complete along with most of the utilities contained in the walls. The exterior façade of one-half of the building is also nearly complete and will be prepped and ready to receive the finish stucco.

The eastern section of the building, which will house the labs on the third and fourth floors, is also starting to take shape. The steel framing has been set and the underground utilities are in place. Metal decking on the fourth floor and the roof is in and will be ready to receive concrete near the end of September.

Work has begun on the amphitheater area, which will be located in between the Science Building and the future Student Services/Learning Resource Building.

The space is scheduled to be completed by June 2020 at which time the lab equipment and furnishings will be installed. This process will be completed in time for the Fall 2020 semester.



## **ADA TRANSITION PLAN (MODERNIZATION AND SITE UPGRADES)**

The first phase of the overall ADA Transition Plan project includes upgrading all of the entry/exits so they are accessible according to the ADA guidelines. Plans for this phase were submitted to DSA in June 2016 and approval was received February 21, 2018.

All contracts have been bid and awarded and long-lead-time materials have been received. Physical work on the project began September 4, 2018 with all work being completed “after hours” (10pm-6am).

The District is 95% complete with the Phase 1 work. The original project schedule was delayed with the uncovering of some heretofore-concealed conditions in a few of the entryways, which required additional design and construction time. The final scope to be completed is door hardware for the new automatic door operators, which has been ordered and will take approximately one month for delivery. Once the hardware arrives, the new door hardware installation will be completed in the Phase 1 work.

The second phase of the overall ADA Transition Plan construction project will include modifications to parking areas and site paths of travel. The plans for this scope of work are currently in design and should be submitted to the State Architect before the end of the year.

The third and final phase will include restroom and public space modifications and will immediately follow Phase 2.

## **SECONDARY EFFECTS, DISTRICTWIDE**

When buildings are remodeled, departments must be relocated to other spaces in the interim. This is referred to as “Secondary Effects.” The following projects were included in bond expenditures during 2018-2019:

- Faculty Office Renovation occurred as office assignments were made (complete).
- X-6 Renovation (complete): Career Central opened in March 2019.
- Student Business Office Remodel: This project began at the start of the Fall 2019 semester. Work included new transaction counters, new records storage room, added workstations, painting and revised lighting. This remodel is expected to be completed by the first week of October 2019.

**Before:**



**After:**



### **MISCELLANEOUS REPAIRS AND MODERNIZATION PROJECTS, DISTRICTWIDE**

The Instruction area is in the process of updating their 2014 Modernization Plan. The scope will include paint, flooring, lighting, and furniture. Most of these improvements will not require DSA approval, so the projects can begin right away. In fact, much work has already been completed for these planned projects:

- Library Modernization (complete)
- Photo Lab Modernization (complete)
- Furniture and Equipment Replacement:
  - Continues to be implemented on an ongoing basis.

These funds also covered a variety of projects to keep the district up-to-date and functional. The planned projects included:

- New Flooring
- Roofing Repairs
- Painting
- Hand Dryer Upgrades
- Chiller and Boiler Maintenance
- Elevator Replacements and Maintenance
- Cafeteria Remodel (complete)
- Remodel of Quads 311-312 (CCC) (complete)
- Emergency System Repairs (CCC)
- Pool Chemical Room Ventilation
  - The Pool Chemical Room Ventilation project is a much-needed upgrade to the existing exhaust system in the pool chemical room. The project also includes re-painting, mechanical systems retrofits and a new exterior door.
  - This project is substantially complete and is awaiting startup and commissioning.

### **DOOR & LOCK UPGRADE PHASE 1 (MODERNIZATION)**

- Door locks: Replaced Districtwide.

- Lecture, Lab and Conference Room Doors: Installed Wi-Fi enabled locks, allowing remote locking functions over the District's wireless intranet system.
  - This feature allows the District to quickly lock/unlock all such doors simultaneously at the push of a button.
- All electronic door locks will be replaced with locks that have interior lock/unlock push buttons.
- This project is substantially complete.

### **BOYKIN LAB MODERNIZATION, 1<sup>ST</sup> FLOOR**

A modernization of the Physical Science Department's classroom/lab space has been completed. The modernization included:

- New Lab Prep Area
- New Classroom (converted from two storage areas)
- Upgraded Storage Areas
- ADA and Access Upgrades
- New Flooring and Paint

### **CANYON COUNTRY STUDENT SERVICES LEARNING RESOURCES BUILDING**

Planning has been completed and the construction documents were submitted to DSA on September 18, 2018. Comments were received back from the state architect and addressed by the District's design team. The revised plans have been re-submitted to DSA.

This mirror image building of the 55,000 square foot Science/Lecture Building will house administrative offices, Health & Wellness Center, Learning Center, Library and Canyons Extension.

The District hopes to break ground on this project while the Science Building is in its final stages of construction in Spring 2020.





## **CANYON COUNTRY ARTS & LECTURE BUILDING**

The District's Planning Team (Faculty, Staff and Consultants) for this project has been actively involved during the summer, with great results. This even included a Field Trip or two. The District is in the programming stage, having tentatively penciled out ideas for the building. Next steps include evaluating how those ideas align with the District's Enrollment Management and Facilities Master Plans, modifying as needed, and then beginning to design drawings.

## **VALENCIA PE WEST MODERNIZATION**

The District completed the planning and working drawing phases of the project and received DSA approval in January 2019. The project was bid and contracts were awarded in February 2019. Construction began March 1, 2019.

All finishes were replaced and/or updated and a few areas in the building were repurposed to meet the instructional goals of the various academic departments.

A majority of the work has been completed. This includes new and remodeled office space, updated lobby restrooms, new ceilings, refinished gym floor and re-stripping/new logo for the main gym floor.

The small gym has been remodeled for dance, which used to be held in WPEK 110. The new dance space has a built in storage area, new finishes and a high ceiling. The remaining items left for this space include the new dance floor and installation of the mirrors that were salvaged from their previous location.

The ceiling tiles and a few finishes will complete the three added classroom spaces located in the old WPEK 110. Flooring and finishes in the lower level offices and corridors will complete the scope for those areas. In addition, the finishing touches and new restroom fixtures will be installed in the locker rooms.

Two items that remain will be the installation of the new bleachers and wheelchair lift (which will allow access to the fitness center).

The District expects completion of this Modernization by the end of Fall 2019.





## BOYKIN 105 REMODEL (MODERNIZATION)

The redesign of the lecture room is complete. DSA approval was received in July 2018; construction bids were advertised, evaluated and awarded soon after that. Construction began in September 2018 and was completed by the start of the Spring 2019 semester.

Improvements included a new ADA exit/ramp, floors, seating, lights, paint, acoustic ceiling and wall panels, and a completely updated exterior foyer, including metal ceiling and acoustical panels and lighting. The new ADA ramp is complete.

***Before:***



***After:***



## SUMMARY OF MEASURE M AUDIT

This year's General Obligation Bond Financial and Performance audits were performed by Eide Bailly, LLP the week of October 28, 2019. Each year, the District provides the auditors with the parameters for the Performance Audit - below.

### FINANCIAL STATEMENT SUMMARY:

The Financial Audit affirms that the financial statements present fairly, in all material respects, the financial position of the Measure M General Obligation Bonds as of June 30, 2019 (see Financial Audit page 3). There were no findings or questioned costs, and no audit adjustments. The auditors issued an unmodified opinion, which is the best rating possible.

The audit confirms the June 30, 2019 General Obligation Bond totals in the District's books and records:

Beginning Fund Balance – Construction Funds 46 & 47	\$ 10,442,171
Local Revenues (Interest Earned)	\$ 103,031
Less Expenditures	\$ (10,545,202)
<b>Ending Fund Balance</b>	<b>\$ -</b>

### PERFORMANCE AUDIT SUMMARY:

The results of the Performance Audit confirmed that Measure M General Obligation Bond funds were appropriately spent on specific projects approved by the voters (see Performance Audit page 8). The Performance Audit does not receive an audit opinion. The auditors performed five procedures to fulfill the Performance Audit requirements included in Proposition 39 and the California Constitution. These procedures confirmed the following:

1. The District properly accounted for the bond funds separately in the accounting records. The District expended \$10,545,202 of General Obligation Bond funds in 2018-2019, for a total of \$175,329,253 since the inception of the bonds.
2. The District followed approved appropriate procedures related to disbursement of Measure M funds. The Auditors tested 42% of all expenditures and reviewed the associated purchase orders, approved invoices, bid documentation, contracts, and budgets.
3. There were no salaries charged to Measure M General Obligation Bond and a schedule was prepared of all costs incurred in Fiscal Year 2018-19 as well as inception-to-date expenditures.
4. The District's planned capital improvement projects are detailed on page 7 for an estimated total of \$322 million. These projects are projected to be funded with \$175 million in General Obligation Bond funds, and \$147 million in contributions

from other sources such as State Construction allocations and Measure E General Obligation Bond funds.

5. The District has the following Measure M General Obligation Bond funds available at June 30, 2019:

GO Bond Proceeds to Date	\$ 167,936,234
Interest/Revenue from Other Sources	\$ 7,393,019
Subtotal- Available Funds	<u>\$ 175,329,253</u>
Expenditures to Date	<u>\$ (175,329,253)</u>
<b>Ending Fund Balance</b>	<b>\$ -</b>

#### **INTERNAL CONTROLS REPORT SUMMARY:**

No adjustments, audit findings, or questioned costs were noted on either the Financial or Performance Audits, and it was confirmed that bond funds have been spent appropriately. An unmodified opinion was issued, which is the best rating possible.

## SUMMARY OF MEASURE E AUDIT

This year's General Obligation Bond Financial and Performance audits were performed by Eide Bailly, LLP the week of October 28, 2019. Each year, the District provides the auditors with the parameters for the Performance Audit - below.

### FINANCIAL STATEMENT SUMMARY:

The Financial Audit affirms that the financial statements present fairly, in all material respects, the financial position of the Measure E General Obligation Bonds as of June 30, 2019 (see Financial Audit page 3). There were no findings or questioned costs, and no audit adjustments. The auditors issued an unmodified opinion, which is the best rating possible.

The audit confirms the June 30, 2019 General Obligation Bond totals in the District's books and records:

Beginning Fund Balance – Construction Fund 48	\$ 48,991,674
Local Revenues (Interest Earned)	\$ 691,112
Less Expenditures	\$ (31,060,000)
<b>Ending Fund Balance</b>	<b>\$ 18,622,786</b>

### PERFORMANCE AUDIT SUMMARY:

The results of the Performance Audit confirmed that Measure E General Obligation Bond funds were appropriately spent on specific projects approved by the voters (see Performance Audit page 5). The Performance Audit does not receive an audit opinion. The auditors performed five procedures to fulfill the Performance Audit requirements included in Proposition 39 and the California Constitution. These procedures confirmed the following:

1. The District properly accounted for the bond funds separately in the accounting records. The District expended \$31,060,000 of General Obligation Bond funds in 2018-2019, for a total of \$36,448,577 since the inception of the bonds.
2. The District followed approved appropriate procedures related to disbursement of Measure E funds. The Auditors tested 63% of all expenditures and reviewed the associated purchase orders, approved invoices, bid documentation, contracts, and budgets.
3. The District appropriately charged one employee's salary and benefits to General Obligation Bond funds, as that employee provided direct oversight to Measure E projects. A schedule was prepared of all costs incurred in Fiscal Year 2018-19 as well as inception-to-date expenditures.
4. The District's planned capital improvement projects are detailed on page 5 for an estimated total of \$180 million. These projects are projected to be funded with



\$55 million in Measure E General Obligation Bond funds, and \$125 million in contributions from other sources, primarily Measure M General Obligation Bond funds.

5. The District has the following Measure E General Obligation Bond funds available at June 30, 2019:

GO Bond Proceeds to Date	\$ 53,499,569
Interest/Revenue from Other Sources	<u>\$ 1,571,794</u>
Subtotal- Available Funds	\$ 55,071,363
Expenditures to Date	<u>\$ (36,448,577)</u>
<b>Planned for Expenditure</b>	<b>\$ 18,622,786</b>

#### **INTERNAL CONTROLS REPORT SUMMARY:**

No adjustments, audit findings, or questioned costs were noted on either the Financial or Performance Audits, and it was confirmed that bond funds have been spent appropriately. An unmodified opinion was issued, which is the best rating possible.

## FAQ'S

### WHAT IS A GENERAL OBLIGATION BOND?

General obligation bonds fund projects such as the renovation of existing classrooms and school facilities, as well as construction of new schools and classrooms. Similar to a home loan, general obligation bonds are typically repaid over 30 years. The loan repayment comes from a tax on all taxable property – residential, commercial, agricultural and industrial – located in the District.

### WHAT IS THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE AND WHY DOES IT MATTER TO ME?

As required by Education Code Section 15278, the District appoints a committee of local residents, whose main charge is to inform the public about how the bond dollars are being spent. The Committee, known as the Independent Citizens' Bond Oversight Committee, actively reviews and reports on the expenditure of taxpayer's money for school construction to ensure that bond funds are spent in accordance with the provisions of the bond. The Committee is comprised of volunteers who represent specific constituencies, such as senior citizens, parents, businesses, or the community-at-large. This additional oversight is important because you pay for these bonds as part of your property taxes.

### HOW CAN I BE SURE THAT GENERAL BOND OBLIGATION FUNDS WILL BE SPENT ON IMPROVING OUR SCHOOLS?

Each year, a fiscal and performance audit of bond expenditures is conducted. The audits verify that SCCCD complied in all material respects with bond measure requirements to expend proceeds only on the school facilities projects specified in the bond measure legislation. The Independent Citizens' Bond Oversight Committee is responsible for reviewing the audit reports and is required to present this information to the public each year.

### CAN BOND FUNDS BE USED FOR TEACHER OR ADMINISTRATIVE SALARIES?

No. Only personnel working directly for the bond program are charged to the bond. To manage and coordinate a construction project to completion, personnel need to monitor contracts and project funding, oversee construction progress, and perform overall project management and accounting. Bond funds cannot be used to pay teacher or site administrator salaries, pensions or benefits. The annual fiscal and performance audit of the bond measures reviews all personnel charged to the bond and verifies that they are charged properly and meet state requirements.

### DOES THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE OVERSEE THE ACTUAL CONSTRUCTION?

No. The District's Assistant Superintendent/Vice President of Facilities oversees the construction.

## HOW ARE CONSTRUCTION MANAGEMENT, ARCHITECTS/ ENGINEERS, CONTRACTORS AND PROFESSIONAL CONSULTANTS FOR BOND PROJECTS SELECTED?

District administration defines specific requirements, and then solicits proposals from qualified companies willing to work on a project. Contract award recommendations are made to the Board of Trustees for final approval.

## WHY DO THE COSTS OF THE PROJECTS OFTEN FLUCTUATE FROM THE ORIGINAL ESTIMATED COSTS?

Construction costs change depending on the cost of materials and the current economy. When the prices of raw materials such as steel or copper wiring rise, it can dramatically increase the cost of the project. In addition, if there are many construction projects underway in the area, it can result in strained labor resources and bids tend to come in higher. Recently the occurrence of many natural disasters, in our local area as well as nationally, dramatically affect the availability of labor and materials, which create spikes in construction costs and schedules