



# AGENDA

Bond Measure I Citizens' Oversight Committee  
 Wednesday, January 30, 2019 – 3:30 p.m.  
 Santa Maria Campus – Captain's Room, B-102

## CITIZENS' OVERSIGHT COMMITTEE MEMBERS

Tracy Beard  
 Community at-large

Tim Bennett (Chair)  
 Community at-large

Terry Dworaczyk  
 Support Organization

Jade Fuller  
 Student Representative

Hugh Rafferty  
 Taxpayers Association

David Richardson  
 Business Organization

Bill Thompson (Vice Chair)  
 Senior Organization

## DISTRICT STAFF

Kevin G. Walthers, Ph.D.  
 Superintendent/President

Eric D. Smith  
 Associate Superintendent/  
 Vice President, Finance &  
 Administration

Lauren Milbourne  
 Director, Public Affairs &  
 Communications

Andy Specht  
 Interim Director,  
 Information Technology  
 Services

## NOTE TAKER

Melinda Martinez  
 Executive Secretary to the  
 Superintendent/President

	<u>ITEM</u>	<u>PRESENTER</u>	<u>TIME</u>
1.	Call to Order	Chair Bennett	3:30 PM
2.	Public Comment: Public comment is welcomed. Under the provisions of the Brown Act, the committee is prohibited from discussing oral requests that are not part of the agenda.	Chair Bennett	
3.	Introductions	Dr. Kevin Walthers	
4.	<u>Action Items</u>		3:35PM
4.a.	Elect a Chair/Vice Chair	Dr. Kevin Walthers	
4.b.	Approval of the minutes of the February 27, 2018 meeting	Committee Chair	
4.c.	Approval of the 2018 Citizens' Oversight Committee Annual Report to the Board of Trustees	Committee Chair	
5.	<u>Information Items</u>		3:45 PM
5.a.	Measure I Bonds	Dr. Kevin Walthers	
5.b.	Member Recognition/Group Photos	Dr. Kevin Walthers	
5.c.	New Member Recruitment	Dr. Kevin Walthers	
6.	<u>Oral Reports</u>		4:00 PM
6.a.	Budget Presentation Financial Report for the period ending December 31, 2018	Mr. Eric Smith	
6.b.	Audit Report for the year ending June 30, 2018	Mr. Eric Smith	
6.c.	Facilities Summary Report for the period July 1-December 31, 2018	Mr. Eric Smith	
6.d.	Technology Summary Report for the period July 1-December 31, 2018	Mr. Andy Specht	
7.	Committee Members' Comments	All	4:25 PM
8.	Adjournment	Committee Chair	4:30 PM

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the President's Office at (805) 922-6966 ext. 3454. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

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# ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT

## BOND MEASURE I

### CITIZENS' OVERSIGHT COMMITTEE

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#### Minutes

Bond Measure I Citizens' Oversight Committee  
Tuesday, February 27, 2018 – 3:00-4:00 p.m.

Allan Hancock College  
Captain's Room, B-102  
800 South College Drive, Santa Maria, CA 93454

1. Call to Order

Bill Thompson, vice chair, called the meeting to order at 3:03 p.m. with the following committee members present: Beard, Rafferty, Richardson, Shea, Thompson, Fuller

Members absent: Bennett, Dworaczyk

2. Public Comment to Closed Session

No public comment was made.

3. Information Items

3.a. Member Recognition

Dr. Walthers recognized Allie Shea for her service to the committee. Ms. Shea will graduate from Allan Hancock College this summer and shared her future educational plans.

Dr. Walthers also announced Jade Fuller has renewed her term to serve on the committee for an additional year.

4. Action Items

4.a. Approval of the minutes of the August 8, 2017 meeting

On a motion by David Richardson, seconded by Tracy Beard, the Citizens' Oversight Committee approved the minutes of the August 8, 2017 meeting.

(Ayes: Beard, Richardson, Shea, Thompson, Fuller; Noes: None; Abstain: Rafferty; Absent: Bennett, Dworaczyk)

4.b. Approval of the 2017 Citizens' Oversight Committee Annual Report to the Board of Trustees

On a motion by Hugh Rafferty, seconded by Tracy Beard, the Citizens' Oversight Committee approved the 2017 Annual Report to the Board of Trustees.

(Ayes: Beard, Rafferty, Richardson, Shea, Thompson, Fuller; Noes: None; Absent: Bennett, Dworaczyk)

## 5. Oral Reports

### 5.a. Budget Presentation Financial Report for the period ending December 31, 2017

Michael Black noted there has not been much financial activity besides technology expenditures. The Public Safety Training Complex project has been finished and a notice of completion has been filed.

Committee members inquired about pending project litigations. Dr. Walthers and Mr. Black responded to questions and indicated litigations should be settled by May 13, 2018 without incurring additional costs.

Mr. Black confirmed the shooting range has been repaired and there have not been any further noise complaints. Dr. Walthers added the live burn building still needs additional fire-proof panels installed. This installation is not part of the settlement.

Mr. Richardson inquired about the funding for the Fine Arts Complex. Dr. Walthers explained there has been some outreach to gather feedback about support for a new bond. There was further discussion about the funding sources for the Fine Arts Complex including the Patty Boyd donation and state funds. Dr. Walthers provided additional information about certificates of participation or a new bond to fund the Fine Arts Complex project. Dr. Walthers said a decision to pursue or abandon a new bond will need to be made in June.

Mr. Richardson also inquired about the future of the Citizens' Oversight Committee once Measure I funds have been spent, and all of the projects have been completed. Dr. Walthers noted the committee may still be needed as there will still be some technology funding under Measure I. Michael Black added his office is working on closing projects and outstanding litigations, and any funds remaining would be used for technology.

Dr. Walthers and Mr. Black also said a reserve has been created for deferred maintenance costs.

### 5.b. Audit Report for the year ending June 30, 2017

Michael Black reported there were no financial or performance findings in the audit report for the year ending June 30, 2017.

### 5.c. Technology Summary Report for the period July 1 – December 31, 2017

Dr. Walthers gave a brief technology summary report on behalf of Carol Moore. The college has gained almost \$11M of new technology over 11 years. The remaining \$112K will be used to help upgrade the Banner Student System.

Dr. Walthers explained that the college will be switching over to Banner HR/Finance and move towards becoming fiscally independent from the county.

Dr. Walthers shared that the new myHancock portal has been launched and reported on future technology projects. He commended Carol Moore for being a good steward of managing the technology funds.

Mr. Thompson asked about funding for future requests after the technology funds are gone. Dr. Walthers and Mr. Black responded that funds have been set aside in a trust for that purpose.

There was further discussion about the path forward to gather support of a new bond for the

PE/Athletics facility and the Fine Arts Complex.

Carol Moore arrived to the meeting and shared that a new bond and technology funding would also be helpful for additional new technology needs on campus. She responded to questions about cloud-based technology.

Dr. Walthers shared that Carol Moore will be retiring. Ms. Moore described how campus technology has been able to evolve with the Measure I technology funds and predicted that a whole new system will be needed in about seven years due to fast technology changes.

5.d. Facilities Summary Report for the period July 1 – December 31, 2017

Facilities projects were discussed during agenda item 5.a. Budget Presentation.

6. Committee Members' Comments

Mr. Thompson said the college is a wonderful institution and he is glad he decided to serve on the committee.

7. Adjournment

Mr. Thompson adjourned the meeting at 3:42 p.m.

# 2018 Annual Report

to the Board of Trustees

Bond Measure I  
Citizens' Oversight Committee

Presented TBD



## 2018 Citizens' Oversight Committee members

**Tim Bennett, Chair**  
Community at-large

**Bill Thompson, Vice Chair**  
Senior Organization

**Tracy Beard**  
Community at-large

**Terry Dworaczyk**  
Support Organization

**Jade Fuller**  
Student Representatives

**Hugh Rafferty**  
Taxpayers Association

**David Richardson**  
Business Organization

## DISTRICT STAFF 2017-18

**Kevin G. Walthers, Ph.D.**  
Superintendent/President

**Michael Black**  
Associate Superintendent  
Vice President, Finance &  
Administration

**Melinda Martinez**  
Executive Secretary to the  
Superintendent/President

**Andrew Masuda**  
Director, Public Affairs  
& Communications

**Carol Moore**  
Director, Information  
Technology Services

*Cover Image:  
Aerial photo of Allan Hancock  
College Santa Maria campus*



Seated left to right: Bill Thompson, Tracy Beard, Allie Shea, Jade Fuller, Tim Bennett  
Standing left to right: Terry Dworaczyk, Hugh Rafferty, Kevin G. Walthers, Ph.D., David Richardson

## LETTER FROM THE CHAIR



On behalf of the Allan Hancock College Measure I Citizens' Oversight Committee, it is my privilege as Chairman to present the Measure I 2018 Annual Report to the Board of Trustees.

Since our community approved the bond in 2006, Measure I has revolutionized and modernized the college. From our beautiful Public Safety Training Complex in Lompoc, to the Industrial Technology and Student Services buildings on the Santa Maria campus, the face of the college has transformed in ways that that will positively serve our community for generations to come.

The Citizens' Oversight Committee regularly receives detailed information from the college's management and staff concerning the progress and expenditures related to the various projects identified in the 2006 Measure I Bond. We serve an important role by informing the public about the District's expenditures of bond money and providing oversight to ensure that bond revenues are spent on construction projects as promised to voters.

It is the opinion of this committee that based on the oversight activities and the independent financial and performance audits noted herein, the college remains in full compliance with the requirements of article XIII A, Section 1(b) (3) of the Constitution of the State of California.

Our committee trusts you will find the annual report accurate, informative, and comprehensive.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Tim Bennett".

Tim Bennett  
Chair  
Measure I Citizens' Oversight Committee

## Bond Measure I Overview

Northern Santa Barbara County residents voted June 6, 2006, to approve Measure I, the \$180 million general obligation facilities bond to improve Allan Hancock College. Funding from the bond is helping the college modernize technology, upgrade the failing infrastructure of decades-old classrooms and labs, and build new teaching and learning spaces.

Measure I was presented to voters under the provision of Proposition 39, stipulating that at least 55 percent of voters approve a measure for its passage. It passed with 56.9 percent of the vote.

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## The Citizens' Oversight Committee

As promised to voters and required by law, on August 15, 2006, the Allan Hancock College Board of Trustees adopted Resolution No. 06-35, establishing the Measure I Citizens' Oversight Committee.

The laws governing implementation of the Citizens' Oversight Committee require a minimum of seven members be selected based on criteria established by Proposition 39:

- One active member from the following: a business organization representing the business community located in the district; a senior citizens' organization; a bona-fide taxpayers association; a support organization for the college; and, a student enrolled in a community college support group.
- Two members of the community at-large.

Members of the Citizens' Oversight Committee are appointed for one- or two-year terms and may not serve more than two consecutive terms. Members serve without compensation. Meetings are open to the public and subject to the Brown Act.

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### Measure I online

The agendas, minutes, and all reports for Measure I Citizens' Oversight Committee meetings are posted on the college's website. To learn more about Measure I, including news articles and information materials, go to [www.hancockcollege.edu](http://www.hancockcollege.edu) and click the "Bond Measure I" link on the Allan Hancock College home page ([www.hancockcollege.edu/measurei](http://www.hancockcollege.edu/measurei)).

### Measure I Citizens' Oversight Committee contact information

To contact Allan Hancock College regarding Bond Measure I, or members of the Citizens' Oversight Committee, please write, call, or email:

Melinda Martinez, executive secretary  
to the superintendent/president

800 South College Drive  
Santa Maria, CA 93454-6399  
Ph: (805) 922-6966 ext. 3454  
[melinda.martinez1@hancockcollege.edu](mailto:melinda.martinez1@hancockcollege.edu)

## Recognition



The Citizens' Oversight Committee thanks Allie Shea for her service as student representative on the committee from 2016-18.

## Period covered by the report

This report covers the time period of January 1 – December 31, 2018.

## Statement of purpose/ responsibilities of the Citizens’ Oversight Committee

The Measure I Citizens’ Oversight Committee, with members representing the various facets of our communities, serves as the representative of local residents to monitor the expenditures of Measure I funds. The Citizens’ Oversight Committee reviews the progress and expenditure reports to ensure that bond proceeds were expended only for the purposes set forth in the Measure I Bond, and reports their findings annually to the Allan Hancock College Board of Trustees via this report.

## Report on independent financial and performance audits

The district has received, and the Citizens’ Oversight Committee has reviewed, the financial and performance audit for the Measure I Bond Construction Fund for the fiscal year ending June 30, 2018. Vavrinek, Trine, Day & Co., Certified Public Accountants, prepared the report to comply with Proposition 39 accountability within the California Constitution.

Vavrinek, Trine, Day & Co. stated, “In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds of the District at June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.” The auditors further noted, “There were no audit findings reported in the prior year’s Financial Statement Findings.”

## Financial compliance confirmation

All expenditures authorized by Measure I have been reviewed by the Citizens’ Oversight Committee to ensure the money was spent only on improvement projects as required by Proposition 39. All funds expended from Measure I will be audited annually by an independent accounting firm.

The Citizens’ Oversight Committee has reviewed expenditures and projects, and finds the district is in compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and consistent with the district’s approved Measure I local bond measure.

# Allan Hancock Joint Community College District

## General Obligation Bond Expenditure Report

September 1, 2006 – December 31, 2018

Total General Obligation	
Bond Authorization: . . . . .	\$180,000,000
Series A Issuance: . . . . .	\$68,000,000
Series B and B1 Issuance: . . . . .	\$29,999,556
Series C Issuance: . . . . .	\$38,860,309
Series D Issuance: . . . . .	\$8,773,376
General Obligation Bond Balance	
to be Issued: . . . . .	\$34,366,759

## REVENUE

Series A Issuance: . . . . .	\$68,000,000
Premium on Sale of Bonds Issuance A: . . . . .	\$528,271
Series B and B1 Issuance: . . . . .	\$29,999,556
Premium on Sale of Bonds Issuance B and B1: . . . . .	\$115,261
Series C Issuance: . . . . .	\$38,860,309
Premium on Sale of Bonds Issuance C: . . . . .	\$135,891
Series D Issuance: . . . . .	\$8,773,376
Premium on Sale of Bonds Issuance D: . . . . .	\$70,187
Interest: . . . . .	\$7,323,574
<b>TOTAL AVAILABLE REVENUE: . . . . .</b>	<b>\$153,806,425</b>

## EXPENDITURES (January 1 - December 31, 2018)

Public Safety Complex. . . . .	\$504,419
One-Stop Student Services Center . . . . .	\$(89,901)
Fine Arts Complex . . . . .	\$176,709
Technology - General . . . . .	\$96,628
Technology Equipment Modernization. . . . .	\$4,266
<b>TOTAL EXPENDITURES 2018 . . . . .</b>	<b>\$692,121</b>
Total Prior Period Expenditures: . . . . .	\$152,693,477
<b>GRAND TOTAL EXPENDITURES: . . . . .</b>	<b>\$153,385,598</b>

ENDING BALANCE: . . . . . \$420,827



# Measure I Projects Status

## Current Capital Construction Projects

### FINE ARTS COMPLEX

The Fine Arts Complex is a new 88,000 sq. ft., two-story building that includes classroom and office space for visual arts, multimedia and applied design, photography, film and video, dance, music, and a recital hall. The project consolidates all of the fine arts and performing arts (except theatre arts) currently housed in buildings D (Theatre Arts Center), E (Music), F (Fine Arts), O (Industrial Technology), and S (Community Education), into one Fine Arts Complex.



On November 28, 2018 the Fine Arts Complex construction drawings reached a 50% complete milestone. The architects, DLR Group, are currently working towards a 100% completion of the construction drawings with anticipated submission to the Division of State Architects in early February 2019. The music hall design has been updated to reflect the district's needs for a state of the art instruction lab with acoustic harmony. Faculty and staff are working diligently with the architect to produce a modern facility that will enable the fine arts department to resonate with a crescendo into the future.

Preliminary estimates for the construction drawings is etimated between \$36 -\$49 million.

**Architect:** DLR Group | **Construction Manager:** TBD | **Contractor:** Pending Future Award  
**Total Project Budget:** \$47,869,000

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## Technology Projects

### Technology Equipment Modernization

The major projects in 2018 included the following:

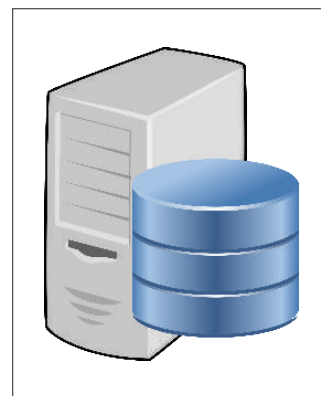
- Banner ODS (Operational Data Store) upgrade
- Live Scan fingerprinting at Campus Police
- Server replacements

Of the project budget, a total of 100 percent has been committed.

**Project Manager:** Andy Specht, interim director, Information Technology Services

**Vendors:** Various | **Total Project Budget:** Measure I Funds \$11,357,446

**2018 Project Expenditures:** \$100,894





*PCPA Performing Arts Center*

## COMPLETED SCHEDULED MAINTENANCE PROJECTS

### PROJECT NAME

Building D Repairs and Upgrades	LVC EMS Upgrade & HVAC Repair	Roof Repair and Replacement, Buildings E, F, G & M300
Parking Lot 1 Expansion	Pool Resurfacing	Audio Visual, Skills & Science
Copper Cabling Project	Building N Roof, Phase III	Underground Fuel/Oil Tank Repair & Replacement
Building C Roof, Paint, and Flooring	M300 HVAC Upgrades Phase I	Campus Upgrade to VOIP
LVC Chiller Replacement	Phase I Energy	Copper Cabling Project

**Completed Scheduled Maintenance Total: \$13,913,739**



*Lompoc Valley Center*

# Projects Successfully Completed by Bond Measure I

## CAPITAL CONSTRUCTION



### Academic Resource Center

Project total:  
\$3,317,135  
Year Completed:  
2006



### Student Services Center

Project total:  
\$21,242,157  
Year Completed:  
2013

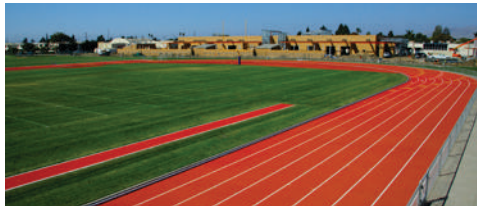


### Science Building

Project total:  
\$4,611,072  
Year Completed:  
2007



### Industrial Technology/ Physical Education and Athletic Fields (Buildings and Fields)



Project total:  
\$24,742,261  
Year Completed:  
2014



### Community Education Building

Project total:  
\$1,971,485  
Year Completed:  
2007



### Public Safety Training Complex

Project total:  
\$39,507,148  
Year Completed:  
2017



### Childcare Center Addition

Project total:  
\$8,371,957  
Year Completed:  
2013

# 2018 Allan Hancock Joint Community College District Board of Trustees

**Ms. Hilda Zacarías, President**

Area 1 (Central & Northern Santa Maria)

**Mr. Larry Lahr, Vice President**

Area 3 (Southern Santa Maria, Guadalupe)

**Mr. Jeffery Hall, Trustee**

Area 4 (Lompoc Valley)

**Mr. Dan Hilker, Trustee**

Area 2 (Southeast Santa Maria, Orcutt, Cuyama Valley)

**Mr. Gregory A. Pensa, Trustee**

Area 5 (Casmalia, Santa Ynez Valley, Vandenberg Air Force Base)

**Inri Serrano**

Student Representative

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**Kevin G. Walthers, Ph.D.**

Superintendent/President

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800 South College Drive, Santa Maria, CA 93454-6399  
[www.hancockcollege.edu/measurei](http://www.hancockcollege.edu/measurei)  
(805) 922-6966

## Annual Report

Editors:  
Melinda Martinez  
Lauren Milbourne

Design & Printing:  
Matt MacPherson  
Allan Hancock College  
Campus Graphics

**MEASURE I**  
**CITIZENS' OVERSIGHT COMMITTEE MEETING**  
**JANUARY 30, 2019**

**FINANCIAL REPORT**

**Bond Income and Expenditure Summary**  
**Income Statement**  
**Projects List**  
**Project Expenditure Summary**  
**Cash Flow Report**



**Administrative Services**

## Bond Income and Expenditure Summary

The first series of general obligation bonds was issued in September 2006 in the amount of \$68,000,000. The bonds were sold at a premium (an amount in excess of face value) and generated a total of \$68,528,271. The premium amount was designed to cover the cost of issuance with any remaining amount to be paid to the county treasurer for repayment of outstanding bonds. Costs of issuance totaled \$ 500,544 and \$27,727 has been paid to the county treasurer leaving \$68,000,000 available for approved bond projects.

The second series of general obligation bonds was issued in October 2009 for a total of \$30,114,817. The cost of issuance totaled \$115,003 leaving \$29,999,814 available for approved bond projects.

The third series of general obligation bonds was issued in September 2012 for a total of \$38,996,200. The cost of issuance totaled \$135,891 leaving \$38,860,309 available for approved bond projects.

The fourth series of general obligation bonds was issued in December 2013 for a total of \$8,843,563. The cost of issuance totaled \$221,187 leaving \$8,622,376 available for approved bond projects.

As of December 31, 2018, interest income in the amount of \$7,323,573 had been received.

The following summary reflects projected Series A, Series B and B1, Series C, and Series D bond proceeds available for projects:

Sale of Series A bonds	\$ 68,528,271
Sales of Series B and B1 bonds	\$ 30,114,817
Sales of Series C bonds	\$ 38,996,200
Sales of Series D bonds	\$ 8,843,563
Interest Income: 2006-07 through 2017-18	\$ 7,322,289
2018-19 est.	<u>\$ 500</u>
Total	\$153,805,640
Less: Cost of Issuance	<u>\$ 871,815</u>
Proceeds Projected for Bond Projects	<u><u>\$152,933,825</u></u>

As of December 31, 2018, \$153,386,078 has been spent on bond-related projects (including cost of issuance).

The following summary reflects major categories of expenditures:

Cost of Issuance	\$ 871,815
COP Repayment	\$ 8,275,496
Project Management	\$ 3,300,797
Construction Projects	
Public Safety Complex	\$39,507,148
Skills Center	\$ 1,971,485
Science Building	\$ 4,611,072
One-Stop Center	\$21,242,637
Industrial Tech Building	\$24,742,262
Child Care Addition	\$ 8,371,957
Facilities/Utilities Master Plan	\$ 634,231
Fine Arts Complex	\$ 4,180,798
Physical Education Addition	\$ 349,445
Theater Arts Project	<u>\$ 305,049</u>
Total Construction	\$106,094,943
Scheduled Maintenance	\$ 13,913,740
Technology	<u>\$ 20,929,287</u>
Total	<u><u>\$153,386,078</u></u>

Allan Hancock College  
General Obligation Bond Fund

Income Statement by Fund  
For Period Ending 12/31/18

	<u>Budget</u>	<u>Actual</u>	<u>% Budget</u>
<b>REVENUES</b>			
Local Revenues	500	1,285	256.92%
Total REVENUES	<u>500</u>	<u>1,285</u>	<u>256.92%</u>
<b>EXPENDITURES</b>			
Other Operating Exp. and Services	0	1,617	0.00%
Capital Outlay	320,210	(100,969)	-31.53%
Total EXPENDITURES	<u>320,210</u>	<u>(99,352)</u>	<u>-31.03%</u>
Excess of Revenues Over (Under) Expenditures	(319,710)	100,637	
<b>FUND BALANCE</b>			
Fund balance, July 1	<u>319,710</u>	<u>319,710</u>	
Current Balance	<u>0</u>	<u>420,347</u>	

ALLAN HANCOCK COLLEGE  
GENERAL OBLIGATION BONDS ELECTION OF 2006, SERIES A, B, C, AND D  
PROJECT LIST  
PROJECTED EXPENDITURES 2006-07 THROUGH 2018-19

Beginning Balance	\$68,000,000		
Projected Interest Revenue	\$7,322,789		
Premium on Sale of Bonds	\$528,271		
Series B Issuance	\$29,999,814		
Premium on Sale of Bonds	\$115,003		
Series C Issuance	\$38,860,309		
Premium on Sale of Bonds	\$135,891		
Series D Issuance	\$8,773,376		
Premium on Sale of Bonds	\$70,187		
		Twelve Year Project Total	Twelve Year Actual
		Proposed 2018-19	
1. Cost of Issuance	871,815	871,815	0
<b>Subtotal Cost of Issuance</b>	<b>871,815</b>	<b>871,815</b>	<b>0</b>
2. COP Refinance (Repayment)			
a. Student Center	4,958,361	4,958,361	0
b. Library Media/Technology Center	3,317,135	3,317,135	0
<b>Subtotal COP Refinance</b>	<b>8,275,496</b>	<b>8,275,496</b>	<b>0</b>
3. Project Augmentation – State Match			
a. Science/Health Occupations	4,611,072	4,611,072	0
b. Skills Center	1,971,485	1,971,485	0
4. Construction Projects			0
a. One Stop Student Center Complex Addition (Preliminary Plans, Working Drawings, & Construction Funding)	21,341,989	21,341,989	0
b. Public Safety Complex (Preliminary Plans, Working Drawings, & Construction Funding)	39,507,148	39,507,148	0
c. Childcare Center (Preliminary Plans, Working Drawings, & Construction Funding)	8,371,957	8,371,957	0
d. Industrial Technologies Modernization and Addition (Initial Project Proposal and Final Project Proposal)	24,742,262	24,742,262	0
e. Physical Education Addition	349,445	349,445	0
f. Fine Arts Complex	4,359,657	4,359,657	0
g. Theater Arts Project	305,049	305,049	0
5. Facilities and Utilities Master Plan	634,231	634,231	0
<b>Subtotal Project Augmentation/Construction</b>	<b>106,194,295</b>	<b>106,194,295</b>	<b>0</b>
6. Scheduled Maintenance Projects	13,913,740	13,913,740	0
<b>Subtotal Scheduled Maintenance</b>	<b>13,913,740</b>	<b>13,913,740</b>	<b>0</b>
7. Mainframe Replacement	8,115,513	8,115,513	0
8. Technology/Instructional Equipment Modernization	10,845,519	10,845,519	0
9. VOIP Project	1,456,327	1,456,327	0
10. Technology General	511,928	511,928	0
<b>Subtotal Technology</b>	<b>20,929,287</b>	<b>20,929,287</b>	<b>0</b>
10. Project Management	3,300,797	3,300,797	0
<b>Subtotal Project Management</b>	<b>3,300,797</b>	<b>3,300,797</b>	<b>0</b>
<b>TOTAL BUDGET</b>	<b>153,485,430</b>	<b>153,485,430</b>	<b>0</b>
<b>FUND BALANCE</b>	<b>320,210</b>		
<b>GRAND TOTAL</b>	<b>\$153,805,640</b>		



GENERAL OBLIGATION BOND FINANCIAL REPORT  
12/31/2018

	2018-19 ADOPTED BUDGET	2018-19 WORKING BUDGET	2018-19 ACTUAL TOTAL	2018-19 ENCUMBRANCE TOTAL	2018-19 BALANCE
<b>GO BOND/CONSTRUCTION</b>					
Public Sfty Cmplx-Post Construction					
Operating Expenses and Service	-	-	-	3,610.00	(3,610.00)
Capital Outlay	-	-	-	-	-
<b>TOTAL Public Sfty Cmplx-Post Construction</b>	-	-	-	3,610.00	(3,610.00)
<b>TOTAL Public Safety Complex</b>	-	-	-	3,610.00	(3,610.00)
One-Stop Std Svc Ctr Post Construction					
Operating Expenses and Service	-	-	1,617.40	30,538.54	(32,155.94)
Capital Outlay	-	-	(100,969.46)	-	100,969.46
<b>TOTAL One-Stop Std Svc Ctr Post Construction</b>	-	-	(99,352.06)	30,538.54	68,813.52
<b>TOTAL One-Stop Student Services Center</b>	-	-	(99,352.06)	30,538.54	68,813.52
Fine Arts Complex-Working Drawings					
Operating Expenses and Service	320,210.00	320,000.00	-	-	320,000.00
Capital Outlay	-	-	-	-	-
<b>TOTAL Fine Arts Complex-Working Drawings</b>	320,210.00	320,000.00	-	-	320,000.00
<b>TOTAL Fine Arts Complex</b>	320,210.00	320,000.00	-	-	320,000.00
<b>TOTAL GO BOND/CONSTRUCTION</b>	<b>320,210.00</b>	<b>320,000.00</b>	<b>(99,352.06)</b>	<b>34,148.54</b>	<b>385,203.52</b>
<b>GO BOND CONTINGENCY</b>					
GO Bond Contingency					
Capital Outlay	-	-	-	-	-
Other Outgo	-	-	-	-	-
<b>TOTAL GO BOND CONTINGENCY</b>	-	-	-	-	-
<b>GRAND TOTAL</b>	<b>320,210.00</b>	<b>320,000.00</b>	<b>(99,352.06)</b>	<b>34,148.54</b>	<b>385,203.52</b>

**General Obligation Bond Building Fund  
Cash Flow Report**

Quarter Ending:	Prior Quarters	6/30/2014	9/30/2014	12/31/2014	6/30/2015	12/31/2015	6/30/2016	12/31/2016	6/30/2017	12/31/2017	12/31/2018	Total
<b>Income</b>												
Bond Proceeds	146,482,852				16,229	16,487	23,593	10,276	19,396	22,355	28,682	146,482,852
Interest	7,142,258	17,541	15,644	11,112	16,229	16,487	23,593	10,276	19,396	22,355	28,682	7,323,573
	153,625,110	17,541	15,644	11,112	16,229	16,487	23,593	10,276	19,396	22,355	28,682	153,806,425
<b>Expenditures</b>												
Fiscal Services			3,333	2,182	-5,515							871,815
Cost of Issuance	871,815											8,275,496
COP Repayment	3,291,884		3,909	2,361	2,450							3,300,797
Bond Project Management	95,017,974	193	3,909	180,781	628,983	397,648	350,244	227,495	521,379	314,407	591,707	106,094,943
Construction	13,545,770	4,139,102	3,725,223	180,781	628,983	397,648	350,244	227,495	521,379	314,407	591,707	13,913,740
Scheduled Maintenance	17,866,146	174,917	19,623	12,578	46,137	5,654	0	109,612	-551	0	0	20,929,287
Technology		465,388	135,544	250,591	596,726	353,083	376,715	354,263	417,897	12,040	100,894	
	138,869,085	4,779,600	3,887,632	448,493	1,268,781	756,385	726,959	691,370	938,724	326,447	692,601	153,386,078
<b>Net Cash</b>	14,756,025	-4,762,059	-3,871,988	-437,382	-1,252,552	-739,898	-703,366	-681,094	-919,329	-304,092	-663,919	420,347
<b>Cash Balance</b>	14,756,025	9,993,966	6,121,979	5,684,598	4,432,046	3,692,148	2,988,782	2,307,688	1,388,359	2,003,595	724,440	

**ALLAN HANCOCK  
JOINT COMMUNITY COLLEGE DISTRICT**

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**MEASURE I GENERAL OBLIGATION BONDS  
FINANCIAL AND PERFORMANCE AUDITS**

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**JUNE 30, 2018**

**ALLAN HANCOCK**  
**JOINT COMMUNITY COLLEGE DISTRICT**

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**MEASURE I GENERAL OBLIGATION BONDS**  
**FINANCIAL AUDIT**

---

**JUNE 30, 2018**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT  
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JUNE 30, 2018**

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***FINANCIAL SECTION***

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees and  
Citizens' Oversight Committee  
Allan Hancock Joint Community College District  
Santa Maria, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Allan Hancock Joint Community College District's (the District), Measure I General Obligation Bond Fund (Measure I), as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to 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 financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure I General Obligation Bond Fund (Measure I) of the District at June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Fund specific to (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. 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 November 29, 2018, on our consideration of the District's Measure I General Obligation Bond Fund (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure I General Obligation Bond (Measure I) internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure I General Obligation Bond Fund (Measure I) internal control over financial reporting and compliance.

Vannest, Tume, Day & Co. LLP

Rancho Cucamonga, California  
November 29, 2018



**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**BALANCE SHEET  
JUNE 30, 2018**

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**ASSETS**

Investments	\$	325,251
Accounts receivable		<u>2,935</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>328,186</u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$	<u>8,475</u>
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**FUND BALANCE**

Restricted for capital projects		<u>319,711</u>
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<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b><u>328,186</u></b>
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The accompanying notes are an integral part of these financial statements.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2018**

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**REVENUES**

Interest income \$ 38,930

**EXPENDITURES**

Services and operating expenditures 3,893,867

Capital outlay (2,775,467)

**Total Expenditures** 1,118,400

**EXCESS OF EXPENDITURES OVER REVENUES** (1,079,470)

**FUND BALANCE, BEGINNING OF YEAR** 1,399,181

**FUND BALANCE, END OF YEAR** \$ 319,711

The accompanying notes are an integral part of these financial statements.

# ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Allan Hancock Joint Community College District's (the District) Measure I General Obligation Bond Fund (Measure I) 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 Measure I General Obligation Bonds (Measure I) accounts for the financial transactions in accordance with the policies and procedures of the California Community Colleges *Budget and Accounting Manual*.

#### **Financial Reporting Entity**

The financial statements include only the Measure I General Obligation Bond Fund (Measure I) of the District used to account for Measure I projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure I. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

#### **Fund Accounting**

The operations of the Measure I General Obligation Bond Fund (Measure I) is accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

#### **Basis of Accounting**

The Measure I General Obligation Bond Fund (Measure I) 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 Governmental Accounting Standards Board (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 no later than July 1 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 revenue 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.

# ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### 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.

### Fund Balance

As of June 30, 2018, the fund balance of Measure I General Obligation Bonds (Measure I) was classified as follows:

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

### 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/expenses during the reporting period. Actual results could differ from those estimates.

### Spending Order Policy

When an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

## *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 instrument; 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 agreement; 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.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement 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 is 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

# ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### **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 is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Investment Pool. The District maintains a Measure I General Obligation Bond Fund investment of \$325,251 with the Santa Barbara County Investment Pool, with an average maturity of 448 days.

### **Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2018.

### ***NOTE 3 - FAIR VALUE MEASUREMENTS***

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District that are not available to other market participants.

Uncategorized - Investments in the Santa Barbara County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The District's fair value measurements are as follows at June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Santa Barbara County Investment Pool	\$ 323,021	\$ 323,021

All assets have been valued using a market approach, with quoted market prices.

***NOTE 4 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2018, consisted of the following:

Interest	<u>\$ 2,935</u>
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***NOTE 5 - ACCOUNTS PAYABLE***

Accounts payable at June 30, 2018, consisted of the following:

Capital outlay	<u>\$ 8,475</u>
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***NOTE 6 - FUND BALANCE***

Fund balance is composed of the following element:

Restricted	
Capital projects	<u>\$ 319,711</u>

***NOTE 7 - COMMITMENTS AND CONTINGENCIES***

**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 Measure I General Obligation Bond Fund (Measure I) at June 30, 2018.

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***INDEPENDENT AUDITOR'S REPORT***

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**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  
Allan Hancock Joint Community College District  
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Allan Hancock Joint Community College District (the District) Measure I General Obligation Bond Fund (Measure I), as of and for the year ended June 30, 2018, and the related notes of the financial statements, and have issued our report thereon dated November 29, 2018.

**Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Fund specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. 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 Measure I General Obligation Bond Fund (Measure I) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure I General Obligation Bond Fund (Measure I) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure I General Obligation Bond Fund (Measure I) 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 Measure I General Obligation Bond Fund (Measure I) 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 Measure I General Obligation Bond Fund (Measure I) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Measure I General Obligation Bond Fund (Measure I) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure I General Obligation Bond Fund (Measure I) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Rancho Cucamonga, California  
November 29, 2018

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENT FINDINGS  
JUNE 30, 2018**

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None reported.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018**

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There were no audit findings reported in the prior year's Financial Statement Findings.

**ALLAN HANCOCK  
JOINT COMMUNITY COLLEGE DISTRICT**

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**MEASURE I GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT**

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**JUNE 30, 2018**

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT  
MEASURE I GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT  
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JUNE 30, 2018**

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Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and  
Citizens' Oversight Committee  
Allan Hancock Joint Community College District  
Santa Maria, California

We were engaged to conduct a performance audit of the Allan Hancock Joint Community College District's (the District) Measure I General Obligation Bond Fund (Measure I) for the year ended June 30, 2018.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District's Measure I General Obligation Bond Fund (Measure I) is in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
November 29, 2018



# **ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS**

**JUNE 30, 2018**

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## ***AUTHORITY FOR ISSUANCE***

The general obligation bonds associated with Measure I 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 bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on June 6, 2006 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on August 15, 2006.

The District received authorization from an election held on June 6, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$180,000,000 to finance the acquisition, construction, modernization, and renovation of District facilities, and to pay the cost of issuance associated with the Bonds approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization). The bonds represent the first, second, third, and fourth series of the authorized bonds to be issued under the 2006 Authorization.

## ***PURPOSE OF ISSUANCE***

The net proceeds of the Bonds issued under the 2006 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds. The proceeds from the Bonds are to be used for projects such as modernization of college technology, upgrading and modernization of college infrastructure, including classrooms and labs, and building new teaching and learning spaces. All projects to be funded under the Measure I General Obligation Bonds must be included in the Board of Trustees' approved Facilities Master Plan, which details the scope of work to be done for each project.

## ***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 districts, community college districts, or county offices of education, "for the 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 reducing 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 school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

# ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

**JUNE 30, 2018**

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3. Requires the community college district to appoint a citizens' oversight committee.
4. Requires the community college 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 all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

## ***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Measure I General Obligation Bond Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions, charged to the Measure I General Obligation Bond Fund were in support of Measure I and not for District general administration or operations.

## ***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2017 to June 30, 2018. 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, 2018, were not reviewed or included within the scope of our audit or in this report.

## ***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2018, for the Measure I General Obligation Bond Fund (Measure I). Within the fiscal year audited, we obtained the actual invoices 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 I as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2017 and ending June 30, 2018, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$1,041,937. This represents 93 percent of the total expenditures of \$1,118,400.
3. Based on our testing, we verified that funds from the Measure I General Obligation Bond Fund (Measure I) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

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*CONCLUSION*

The results of our tests indicated that, in all significant respects, the Allan Hancock Joint Community College District has properly accounted for the expenditures held in the Measure I General Obligation Bond Fund (Measure I) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure I General Obligation Bond Fund for District general administration or operations.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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None reported.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018**

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