



AGENDA

Bond Measure I Citizens' Oversight Committee
 Tuesday, December 17, 2019 – 3:30 p.m.
 Santa Maria Campus – Captain's Room, B-102

CITIZENS' OVERSIGHT COMMITTEE MEMBERS

- Tracy Beard (Chair)
Community at-large
- Terry Dworaczyk (Vice Chair)
Support Organization
- Angelica Gutierrez
Business Organization
- Tyler J. Little
Student Representative
- Roy Reed
Taxpayers Association
- Leslie Torres
Student Representative
- Kenneth L. Wolf
Community at-large
- Vacant
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, Ph.D.
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 Beard	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 Beard	
3.	Introductions	Dr. Walthers	
4.	Group Photos	Kevin Boland	
5.	<u>Action Items</u>		3:45PM
5.a.	Approval of the minutes of the January 30, 2019 meeting	Chair Beard	
6.	<u>Information Items</u>		3:50 PM
6.a.	Review of the DRAFT 2019 Citizens' Oversight Committee Annual Report to the Board of Trustees	Dr. Walthers	
6.b.	New Member Recruitment	Dr. Walthers	
7.	<u>Oral Reports</u>		4:00 PM
7.a.	Budget Presentation Financial Report for the period ending September 30, 2019	Mr. Smith	
7.b.	Facilities Summary Report	Mr. Smith	
7.c.	Audit Report for the year ending June 30, 2019	Mr. Smith	
8.	Committee Members' Comments	All	4:25 PM
9.	Adjournment	Chair Beard	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.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT BOND MEASURE I CITIZENS' OVERSIGHT COMMITTEE

Minutes
Regular Meeting
January 30, 2019

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

1. Call to Order

Chair Bennett called the meeting to order at 3:34 p.m. with the following committee members present: Tracy Beard, Tim Bennett, Terry Dworaczyk, Hugh Rafferty, David Richardson, and Bill Thompson

Members absent: Jade Fuller

District Staff present: Dr. Kevin Walthers, Melinda Martinez, Lauren Milbourne, Eric D. Smith, and Andy Specht

2. Public Comment

No public comment was made.

3. Introductions

Committee members and Allan Hancock College staff introduced themselves.

4. Action Items

4.a. Elect a Chair/Vice Chair

On a motion by Bill Thompson, seconded by Terry Dworaczyk, the Citizens' Oversight Committee elected Tracy Beard as chair of the committee and Terry Dworaczyk as vice chair of the committee.

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

4.b. Approval of Minutes from the February 27, 2018 meeting.

On a motion by Hugh Rafferty, seconded by David Richardson, the Citizens' Oversight Committee approved the minutes from February 27, 2018 meeting.

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

4.c. Approval of the 2018 Citizens' Oversight Committee Annual Report

On a motion by Hugh Rafferty, seconded by Tracy Beard, the Citizens' Oversight Committee unanimously approved the 2018 Citizens' Oversight Committee Annual Report.

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

Dr. Walthers introduced new administrators Lauren Milbourne, Eric D. Smith and Andy Specht to the committee.

5. Information Items

5.a. Measure I Bonds

Dr. Walthers shared that after Measure Y failed to pass, the college's financial advisor spoke to Mr. Smith and determined that the assessed valuation in Measure I had risen. He explained there is \$21 million in capacity to cover the Fine Arts Complex with Measure I bonds.

Mr. Smith further explained how the determination of the capacity of the bonds was calculated which includes assessed valuation and trend, and how it will assist in funding the Fine Arts Complex. He shared \$21.3 million may be issued in bonds depending on the day-to-day market. Mr. Smith noted that with board approval of the resolution, the proceeds could be expected by April.

The meeting was paused at 3:46 p.m. to take a group and individual photos to recognize outgoing members that have fulfilled their terms. The meeting resumed at 3:51 p.m.

Mr. Smith offered to respond to questions about the information he presented on assessed valuation. Dr. Walthers added there were three factors that made the property assessed value go up. The factors include the new developments in Santa Maria, the refunded bonds which created cap room, and the growth in increased assessed property value, which is up from \$25 billion to \$27 billion in our district.

Mr. Smith reiterated there was bond funds and additional funding available for the Fine Arts Complex including \$24 million from the state and \$10 million from the Patty Boyd donation. He discussed the spending plan and arbitrage process and outlined the order the funds will be spent to comply with the arbitrage requirements. The bonds will be spent first, then the state funds, and lastly, the Patty Boyd funds.

Mr. Smith gave a brief budget update on project expenses that have been made in the capital facilities fund for architects and engineers. Once the Series E bonds have been issued, it is permissible to transfer the soft costs to the bond fund and he anticipates making those budget transfers. Mr. Smith gave an estimated timeline of the project.

Mr. Richardson inquired about the project settlement funds and what they will be used for. Dr. Walthers acknowledged the funds will return to the Measure I budget and have been earmarked to repair the heat plates in the burn building.

5.b. Member Recognition/Group Photos

Dr. Walthers thanked Tim Bennett, Hugh Rafferty, David Richardson, and Bill Thompson for their service on the committee.

5.c. New Member Recruitment

Dr. Walthers asked committee members if they have ideas for new members to please have them contact Melinda Martinez.

6. Oral Reports

6.a. Budget Presentation - Financial Report for the period ending December 31, 2018

Mr. Smith shared a brief review of the financial report for the period ending December 31, 2018. He noted there was not a lot of activity, but more activity was expected in 2019. The settlement activity is reflected in the financial statement.

6.b. Audit Report - Audit Report for the year ending June 30, 2018

Mr. Smith reported there were no findings for the audit report for the year ending June 30, 2018.

6.c. Facilities Summary Report for the period of July 1-December 31, 2018

Facilities summary information was reported in item 5.a.

6.d. Technology Summary Report for the period of July 1-December 31, 2018

Andy Specht gave a Measure I technology fund balance update. He shared an overview of the technology programs that have changed from 2017 to 2018. Mr. Specht noted for such a short period of time, technology has come a long way.

Mr. Specht shared highlights such as the Banner ODS upgrade, LiveScan fingerprinting at Campus Police, and server replacements. He also noted payroll and LiveScan services can be done in-house now.

7. Committee Members' Comments

Hugh Rafferty said it has been a pleasure to serve a second term. Bill Thompson echoed the sentiment and said the facilities look beautiful.

8. Adjournment

Chair Bennett adjourned the meeting at 4:17 p.m.

2019 Annual Report

to the Board of Trustees

Bond Measure I
Citizens' Oversight Committee

Presented TBD

2019 Citizens' Oversight Committee members

Tracy Beard, Chair
Community at-large

Terry Dworaczyk, Vice Chair
Support Organization

Tim Bennett
Community at-large

Bill Thompson
Senior Organization

Hugh Rafferty
Taxpayers Association

David Richardson
Business Organization

DISTRICT STAFF

Kevin G. Walthers, Ph.D.
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Associate Superintendent
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Melinda Martinez
Executive Secretary to the
Superintendent/President

Lauren Milbourne
Director, Public Affairs
& Communications

Andy Specht, Ph.D.
Director, Information
Technology Services

*Cover Image:
Aerial photo of the
Allan Hancock College
Community Education building*



Seated left to right: : Bill Thompson, Tracy Beard, Kevin G. Walthers, Ph.D.
Standing left to right: Tim Bennett, Hugh Rafferty, Terry Dworaczyk, 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 2019 Annual Report to the Board of Trustees.

Since the 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 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. The committee plays an important role in informing the public about the District's expenditures of bond money, 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,

Tracy Beard
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.

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.

Recognition Thank you for your service on the Measure I Citizens' Oversight Committee.



Period covered by the report

This report covers the time period of January 1 – December 31, 2019.

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, 2019. EideBailly, Certified Public Accountants, prepared the report to comply with Proposition 39 accountability within the California Constitution.

EideBailly 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, 2019, 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, 2019

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
Series E Issuance	\$23,000,000
General Obligation Bond Balance to be Issued	\$11,366,759

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
Series D Issuance	\$23,000,000
Premium on Sale of Bonds Issuance E	\$88,746
Interest	\$7,511,574
TOTAL AVAILABLE REVENUE	\$177,083,171

EXPENDITURES (January 1 - December 31, 2019)

Cost of Issuance GO Bond Refunding	\$359,355
One-Stop Student Services Center	\$(420,527)
Fine Arts Complex	\$747,439
TOTAL EXPENDITURES 2019	\$686,267
Total Prior Period Expenditures	\$153,485,430
GRAND TOTAL EXPENDITURES	\$154,171,697

ENDING BALANCE **\$22,911,475**

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 E, F and O-300 into one Fine Arts Complex.

Final Plans for the Fine Arts Complex were submitted to the Division of the State Architect (DSA) on May 29, 2019 for review. We anticipate final DSA approval by January of 2020. The project will be competitively bid in the spring of 2020 with construction commencing by summer. The project will take between eighteen and twenty four months to complete.

The project will be funded through a combination of Measure I funds, State funds from the Community College Chancellor's Office and through a generous donation from the Patty Boyd Foundation.

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

Technology Projects

The Measure I technology budget has concluded.

Project Manager: Andy Specht, Ph.D., director, Information Technology Services
Total Project Budget: \$11,357,446
2019 Project Expenditures: \$0



Public Safety Training 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



AHC Campus Swimming Pool

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

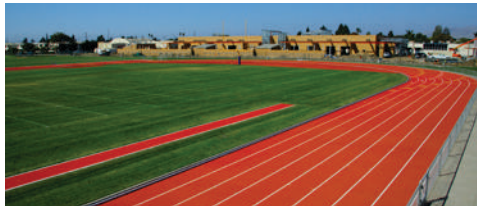


Science Building

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

2019 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)

Heidi Mendiola

Student Trustee

Kevin G. Walthers, Ph.D.

Superintendent/President

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 and click the "Measure I" link on the bottom of the Allan Hancock College home page (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 call or email:

Melinda Martinez
Executive Secretary
to the Superintendent/President

Ph: 1-805-922-6966 ext. 3454
melinda.martinez1@hancockcollege.edu



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Annual Report

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Allan Hancock College
Campus Graphics

MEASURE I
CITIZENS' OVERSIGHT COMMITTEE MEETING
SEPTEMBER 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.

The fifth series of general obligation bonds was issued in May 2019 for a total of \$23,088,746. The cost of issuance totaled \$359,356 leaving \$22,729,390 available for approved bond projects.

As of September 30, 2019, interest income in the amount of \$7,399,657 had been received.

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

Sale of Series A bonds	\$ 68,528,271
Sale of Series B and B1 bonds	\$ 30,114,817
Sale of Series C bonds	\$ 38,996,200
Sale of Series D bonds	\$ 8,843,563
Sale of Series E bonds	\$ 23,088,746
Interest Income: 2006-07 through 2018-19	\$ 7,399,656
2019-20 est.	<u>\$ 400,000</u>
Total	\$177,371,253
Less: Cost of Issuance	<u>\$ 1,231,171</u>
Proceeds Projected for Bond Projects	<u>\$176,140,082</u>

As of September 30, 2019, \$154,113,839 has been spent on bond-related projects (including cost of issuance).

The following summary reflects major categories of expenditures:

Cost of Issuance	\$ 1,231,171
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	\$20,928,962
Industrial Tech Building	\$24,742,262
Child Care Addition	\$ 8,371,957
Facilities/Utilities Master Plan	\$ 634,231
Fine Arts Complex	\$ 5,041,737
Physical Education Addition	\$ 349,445
Theater Arts Project	<u>\$ 305,049</u>
Total Construction	\$106,463,348
Scheduled Maintenance	\$ 13,913,740
Technology	<u>\$ 20,929,287</u>
Total	<u>\$154,113,839</u>

Allan Hancock College
General Obligation Bond Fund

Income Statement by Fund
For Period Ending 9/30/19

	<u>Budget</u>	<u>Actual</u>	<u>% Budget</u>
REVENUES			
Local Revenues	400,000	0	0.00%
Total REVENUES	<u>400,000</u>	<u>0</u>	<u>0.00%</u>
EXPENDITURES			
Supplies and Materials	2,100	654	0.00%
Other Operating Exp. and Services	108,770	15,500	14.25%
Capital Outlay	23,197,904	35,204	0.15%
Total EXPENDITURES	<u>23,308,774</u>	<u>51,358</u>	<u>0.22%</u>
 Excess of Revenues Over/ (Under) Expenditures	 (22,908,774)	 (51,358)	
FUND BALANCE			
Fund balance, July 1	<u>22,908,774</u>	<u>22,908,774</u>	
 Current Balance	 <u>0</u>	 <u>22,857,416</u>	

ALLAN HANCOCK COLLEGE
GENERAL OBLIGATION BONDS ELECTION OF 2006, SERIES A, B, C, D, AND E
PROJECT LIST
PROJECTED EXPENDITURES 2006-07 THROUGH 2019-20

Beginning Balance	\$68,000,000		
Projected Interest Revenue	\$7,799,657		
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		
Series E Issuance	\$23,000,000		
Premium on Sale of Bonds	\$88,746		
		Thirteen Year Project Total	Thirteen Year Actual
		-----	-----
1. Cost of Issuance	1,231,171	1,231,171	0
Subtotal Cost of Issuance	1,231,171	1,231,171	0
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
Subtotal COP Refinance	8,275,496	8,275,496	0
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)	20,928,962	20,928,962	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	27,791,382	4,990,378	22,801,004
g. Theater Arts Project	305,049	305,049	0
5. Facilities and Utilities Master Plan	634,231	634,231	0
Subtotal Project Augmentation/Construction	129,212,993	106,411,989	22,801,004
6. Scheduled Maintenance Projects	13,913,740	13,913,740	0
Subtotal Scheduled Maintenance	13,913,740	13,913,740	0
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
Subtotal Technology	20,929,287	20,929,287	0
10. Project Management	3,308,567	3,300,797	7,770
Subtotal Project Management	3,308,567	3,300,797	7,770
TOTAL BUDGET	176,871,253	154,062,479	22,808,774
FUND BALANCE	500,000		
GRAND TOTAL	\$177,371,253		

GENERAL OBLIGATION BOND FINANCIAL REPORT
9/30/2019

	2019-20 WORKING BUDGET	2019-20 ACTUAL TOTAL	2019-20 ENCUMBRANCE TOTAL	2019-20 BALANCE
GO BOND/GENERAL				
67200047 Fiscal Services - GO Bond Fund				
Operating Expenses and Service	7,770	-	7,770	-
TOTAL Fiscal Services - GO Bond Fund	7,770	-	7,770	-
TOTAL GO BOND/GENERAL	7,770	-	7,770	-
GO BOND/CONSTRUCTION				
Fine Arts Complex-Working Drawings				
Books, Supplies and Materials	2,100	654	-	1,446
Operating Expenses and Service	101,000	15,500	68,203	17,298
Capital Outlay	1,147,855	35,204	781,917	330,734
TOTAL Fine Arts Complex-Working Drawings	1,250,955	51,358	850,120	349,477
Fine Arts Complex-Construction Phase				
Books, Supplies and Materials	-	-	-	-
Operating Expenses and Service	-	-	-	-
Capital Outlay	21,550,049	-	-	21,550,049
TOTAL Fine Arts Complex-Construction Phase	21,550,049	-	-	21,550,049
TOTAL Fine Arts Complex	22,801,004	51,358	850,120	21,899,526
TOTAL GO BOND/CONSTRUCTION	22,801,004	51,358	850,120	21,899,526
GO BOND CONTINGENCY				
GO Bond Contingency				
Capital Outlay	500,000	-	-	500,000
Other Outgo	-	-	-	-
TOTAL GO BOND CONTINGENCY	500,000	-	-	500,000
GRAND TOTAL	23,308,774	51,358	857,890	22,399,526

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

Quarter Ending:	Prior Quarters	6/30/2015	12/31/2015	6/30/2016	12/31/2016	6/30/2017	12/31/2017	12/31/2018	9/30/2019	Total
Income										
Bond Proceeds	146,482,852								23,088,746	169,571,598
Interest	7,186,555	16,229	16,487	23,593	10,276	19,396	22,355	28,682	76,084	7,399,657
	153,669,407	16,229	16,487	23,593	10,276	19,396	22,355	28,682	23,164,830	176,971,255
Expenditures										
Fiscal Services									359,356	1,231,171
Cost of Issuance	877,330	-5,515								8,275,496
COP Repayment	8,275,496									3,300,797
Bond Project Management	3,298,347	2,450								106,463,348
Construction	103,063,080	628,983	397,648	350,244	227,495	521,379	314,407	591,707	368,405	13,913,740
Scheduled Maintenance	13,752,888	46,137	5,654	0	109,612	-551	0	0	0	20,929,287
Technology	18,717,669	596,726	353,083	376,715	354,263	417,897	12,040	100,894	0	
	147,984,810	1,268,781	756,385	726,959	691,370	938,724	326,447	692,601	727,761	154,113,839
Net Cash	5,684,597	-1,252,552	-739,898	-703,366	-681,094	-919,329	-304,092	-663,919	22,437,069	22,857,416
Cash Balance	5,684,597	4,432,045	3,692,147	2,988,781	2,307,687	1,388,358	1,084,266	420,347	22,857,416	



Financial and Performance Audits
Measure I General Obligation Bonds
June 30, 2019

Allan Hancock Joint
Community College District



Financial Audit
Measure I General Obligation Bonds
June 30, 2019

Allan Hancock Joint
Community College District

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

**FINANCIAL AUDIT
TABLE OF CONTENTS
JUNE 30, 2019**

FINANCIAL SECTION

Independent Auditor's Report	2
Measure I General Obligation Bonds	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	13
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings	16
Summary Schedule of Prior Audit Findings	17



FINANCIAL SECTION



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 (the District), Measure I General Obligation Bond Fund (Measure I), as of and for the year ended June 30, 2019, 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 controls 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 Measure I General Obligation Bond Fund (Measure I) 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 Measure I General Obligation Bond Fund (Measure I) 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, 2019, 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 of the General Obligation Bond Fund specific to Measure I are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019, and the changes in its financial position for the year then ended 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 December 11, 2019, 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 to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Rancho Cucamonga, California
December 11, 2019

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

**BALANCE SHEET
JUNE 30, 2019**

ASSETS

Investments	\$ 23,203,924
Accounts receivable	389,156
Total Assets	<u><u>\$ 23,593,080</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 410,948
Due to other funds	273,358
Total Liabilities	<u>684,306</u>

FUND BALANCE

Restricted for capital projects	<u>22,908,774</u>
Total Liabilities and Fund Balance	<u><u>\$ 23,593,080</u></u>

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, 2019**

REVENUES

Interest income \$ 77,368

EXPENDITURES

Services and operating expenditures 310,559

Capital outlay 266,492

Total Expenditures 577,051

EXCESS OF EXPENDITURES OVER REVENUES (499,683)

OTHER FINANCING SOURCES

Other sources - proceeds from bond issuance 23,088,746

NET CHANGE IN FUND BALANCE 22,589,063

FUND BALANCE, BEGINNING OF YEAR 319,711

FUND BALANCE, END OF YEAR \$ 22,908,774

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, 2019

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, 2019

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, 2019, 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, 2019**

Investment in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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, 2019

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 \$23,203,924 with the Santa Barbara County Investment Pool, with an average maturity of 289 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, 2019.

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, 2019**

The District's fair value measurements are as follows at June 30, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Santa Barbara County Investment Pool	<u>\$ 23,287,757</u>	<u>\$ 23,287,757</u>

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

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consisted of the following:

Interest	\$ 72,625
Allan Hancock College Foundation	316,531
	<u>\$ 389,156</u>

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

Capital outlay	<u>\$ 410,948</u>
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NOTE 6 - INTERFUND TRANSACTIONS

Interfund Payables (Due To)

Interfund payables balances at June 30, 2019, consisted of the following:

Due to Capital Outlay Projects Fund	<u>\$ 273,358</u>
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NOTE 7 - FUND BALANCE

Fund balance is composed of the following element:

Restricted	
Capital projects	<u>\$ 22,908,774</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2019, the District had the following commitments with respect to unfinished projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Fine Arts Complex	<u>\$ 861,325</u>	<u>2021-2022</u>

The projects are funded through a combination for general obligation bonds and capital project apportionments from the State Chancellor's Office.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure I General Obligation Bond Fund (Measure I) at June 30, 2019.



INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees and
Citizens' Oversight Committee
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, 2019, and the related notes of the financial statements, and have issued our report thereon dated December 11, 2019.

Emphasis of Matter

As discussed in Note 1, the financial statements of the General Obligation Bond Fund specific to Measure I are intended to present the financial position and the changes in financial position attributable to the transactions of that Fund. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019, and the changes in its financial position for the year then ended 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 District's 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 District's Measure I General Obligation Bond Fund (Measure I) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 11, 2019



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2019**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

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



Performance Audit
Measure I General Obligation Bonds
June 30, 2019

Allan Hancock Joint
Community College District

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

**PERFORMANCE AUDIT
TABLE OF CONTENTS
JUNE 30, 2019**

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



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 (the District) Measure I General Obligation Bond Fund (Measure I) for the year ended June 30, 2019.

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.

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

Rancho Cucamonga, California
December 11, 2019

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

JUNE 30, 2019

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, fourth, and fifth 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, 2019

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, 2018 to June 30, 2019. 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, 2019, 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, 2019, 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, 2018 and ending June 30, 2019, 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 \$564,003. This represents 98 percent of the total expenditures of \$577,051.
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. There were no salary transactions during the period starting July 1, 2018 and ending June 30, 2019.

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

JUNE 30, 2019

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.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

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