

SAN DIEGO COMMUNITY COLLEGE DISTRICT
REPORT ON PROPOSITION S BOND BUILDING FUND
FINANCIAL AND PERFORMANCE AUDITS

June 30, 2019



SAN DIEGO COMMUNITY COLLEGE DISTRICT

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June 30, 2019

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FINANCIAL AUDIT OF THE PROPOSITION S BOND BUILDING FUND



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Proposition S Citizens' Oversight Committee
San Diego Community College District

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition S Bond Building Fund of the San Diego Community College District (the District) 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 statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Board of Trustees
The Proposition S Citizens' Oversight Committee
San Diego Community College District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition S Bond Building Fund of the District as of June 30, 2019, and the change in financial position thereof 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 fairly only the Proposition S Bond Building Fund and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2019 or the change 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 Information

Our audit of the Proposition S Bond Building Fund of the District was conducted for the purpose of forming an opinion on the financial statements referred to above. The supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the District's internal control over the Proposition S Bond Building Fund 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 internal control over the Proposition S Bond Building Fund 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 internal control over the Proposition S Bond Building Fund financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
December 5, 2019

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**BALANCE SHEET
June 30, 2019**

Assets

| | |
|-------------------------|-----------------------------------|
| Cash in County Treasury | \$ 7,079,599 |
| Accounts receivable | 104,311 |
| Due from other funds | <u>320,463</u> |
| Total Assets | <u><u>\$ 7,504,373</u></u> |

Liabilities and Fund Balance

Liabilities

| | |
|--------------------------|----------------------|
| Accounts payable | \$ <u>85,667</u> |
| Total Liabilities | <u>85,667</u> |

Fund Balance

| | |
|---|-----------------------------------|
| Restricted | <u>7,418,706</u> |
| Total Fund Balance | <u>7,418,706</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 7,504,373</u></u> |

See the accompanying notes to the financial statements

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2019**

| | |
|--|----------------------------|
| Revenues | |
| Interest income | \$ 359,634 |
| Total Revenues | <u>359,634</u> |
| | |
| Expenditures | |
| Supplies | 10,069 |
| Other services | 7,578,474 |
| Capital outlay | <u>409,705</u> |
| Total Expenditures | <u>7,998,248</u> |
| | |
| Net change in fund balance | (7,638,614) |
| | |
| Fund Balance, Beginning of Year | <u>15,057,320</u> |
| | |
| Fund Balance, End of Year | <u><u>\$ 7,418,706</u></u> |

See the accompanying notes to the financial statements

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Financial Reporting Entity

These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Structure

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Proposition S Bond Building Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

The Proposition S Bond Building Fund is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

Fund Balance Classification

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors,

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the Proposition S Bond Building Fund is therefore classified as restricted.

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Proposition S Bond Building Fund are determined by its measurement focus. The Proposition S Bond Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Proposition S Bond Building Fund are accounted for in the basic financial statements of the District.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

In accordance with Education Code Section 84000, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value. The fair value is 100.194% of the District’s deposits for the Proposition S Bond Building Fund in this pool as of June 30, 2019, as provided by the County Treasurer.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment gains or losses are proportionately shared by all funds in the pool.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized costs of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the County of San Diego Treasurer-Tax Collector 1600 Pacific Highway, San Diego, CA 92101.

NOTE 3: DUE FROM OTHER FUNDS

On occasion, the Bond Building Fund pays for expenditures of other funds and is subsequently reimbursed. At June 30, 2019, funds of \$320,463 were owed to the Bond Building Fund for expenditures made on their behalf.

NOTE 4: PROPOSITION S GENERAL OBLIGATION BOND DEBT

On November 5, 2002, by majority election of the district's registered voters, \$685,000,000 in general obligation bonds (Proposition S) were authorized to be issued and sold for the benefit of the District. Proceeds from the bonds are to be used for acquisition, construction, renovation, repair, and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. The bonds were scheduled to be issued in four increments over a ten-year period.

2009 Series

On May 13, 2009, Series 2009 of the Proposition S bond authorization was issued, consisting of serial bonds, term bonds, and convertible capital appreciation bonds with an initial par amount of \$131,293,506 with stated yield rates of 2.70% to 6.00% and maturing through August 1, 2033.

2011 Series

On July 21, 2011, Series 2011 of the Proposition S bond authorization was issued, consisting of current interest serial bonds and current interest term bonds with an initial par amount of \$99,999,859 with stated yield rates of 0.27% to 6.69% and maturing through August 1, 2041.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 4: PROPOSITION S GENERAL OBLIGATION BOND DEBT

2011 Refunding Series

On July 21, 2011, Series 2011, Refunding, of the Proposition S bond authorization was issued, consisting of current interest serial bonds with an initial par amount of \$22,230,000 with stated yield rates of 0.38% to 3.55% and maturing through August 1, 2023.

2012 Refunding Series

On March 22, 2012, Series 2012, Refunding of the Proposition S bond authorization was issued with an initial par amount of \$235,134,077 with stated yield rates of 0.18% to 3.10% and maturing through August 1, 2029. The Series 2012, Refunding retired \$290,680,000 of debt including \$244,320,000 of Series 2003A and Series 2005 of the Proposition S bond authorization. As a result, approximately 84.05% of the debt service related to the Series 2012, Refunding is attributable to Proposition S.

2013 Series

On July 17, 2013, Series 2013 of the Proposition S bond authorization was issued, consisting of current interest bonds with an initial par amount of \$103,705,000 with stated yield rates of 0.20% to 4.25% and maturing through August 1, 2032, and this represents the final issuance for the Proposition S bond measure authorized.

2016 Refunding Series

On November 3, 2016, Series 2016, Refunding of the Proposition S bond authorization was issued, with an initial par amount of \$157,257,360 with stated yield rate of 0.74% to 3.00% and maturing through August 1, 2041. The Series 2016 Refunding retired \$524,205,000 of debt including \$163,715,000 of Series 2009 and Series 2011 of the Proposition S bond authorization and \$360,490,000 of Series 2007 and Series 2011 of the Prop N bond authorization. As a result, approximately 31.2% of the debt service related to the Series 2016, Refunding is attributable to Proposition S and approximately 68.8% of the debt service is attributable to Proposition N.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 4: PROPOSITION S GENERAL OBLIGATION BOND DEBT

The outstanding general obligation bond debt of the District at June 30, 2019 is shown herein.

| General Obligation Bonds | Date of Issue | Date of Maturity | Interest Rate % | Amount of Original Issue | Outstanding June 30, 2019 |
|--------------------------|------------------|---------------------|--------------------|-----------------------------|------------------------------|
| Proposition S | | | | | |
| 2009 Series | 5/13/2009 | 8/1/2033 | 2.70 - 6.00% | \$ 131,293,506 | \$ 31,998,505 |
| 2011 Series | 7/21/2011 | 8/1/2041 | 0.27 - 6.69% | 99,999,859 | 20,629,859 |
| 2011 Series, Refunding | 7/21/2011 | 8/1/2023 | 0.38 - 3.55% | 22,230,000 | 12,420,000 |
| 2012 Series, Refunding | 3/22/2012 | 8/1/2029 | 0.18 - 3.10% | 235,134,077 | 206,065,385 |
| 2013 Series | 7/17/2013 | 8/1/2032 | 0.20 - 4.25% | 103,705,000 | 100,105,000 |
| 2016 Series Refunding | 11/3/2016 | 8/1/2041 | 0.74 - 3.00% | 157,257,360 | 155,694,240 |
| Accreted Interest | | | | - | 34,336,839 |
| Total | | | | <u>\$ 749,619,802</u> | <u>\$ 561,249,828</u> |

The annual debt service requirements to maturity for general obligation bonds are as shown herein.

| Year Ending June 30, | Principal | Interest |
|----------------------|-----------------------|-----------------------|
| 2020 | \$ 19,184,465 | \$ 24,424,587 |
| 2021 | 18,799,965 | 25,174,895 |
| 2022 | 21,828,932 | 24,205,525 |
| 2023 | 25,533,480 | 23,077,098 |
| 2024 | 29,049,680 | 21,739,161 |
| 2025-2029 | 157,942,868 | 87,331,409 |
| 2030-2034 | 201,939,540 | 39,905,932 |
| 2035-2039 | 28,260,120 | 51,790,793 |
| 2040-2044 | 24,373,939 | 20,111,253 |
| Total | <u>526,912,989</u> | <u>\$ 317,760,653</u> |
| Accreted Interest | 34,336,839 | |
| Total | <u>\$ 561,249,828</u> | |

Capital appreciation bonds were issued as part of the 2009 and 2011 Series issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued has been reflected in the long term debt balance on the District's general purpose financial statements.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 5: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2019, the District was not committed under any capital expenditure purchase agreements for bond projects.

NOTE 6: SUBSEQUENT EVENT

General Obligation Bond

The District sold \$438.0 million in General Obligation Refunding Bonds Series A and \$255.5 million in General Obligation Refunding Bonds Series B on October 16, 2019. The bonds were sold with an interest rate ranging from 1.90% to 3.34% and maturity dates from August 1, 2020 through August 1, 2043.

The Series A Refunding Bonds are being issued to refund certain outstanding maturities of the District's outstanding 2011 General Obligation Refunding Bonds; 2012 General Obligation Refunding Bonds; General Obligation Bonds, Election of 2002, Series 2013; General Obligation Bonds, Election of 2006, Series 2013; and to pay the costs of issuance of the Series A Refunding Bonds.

The Series B Refunding Bonds are being issued on a cross-over basis to refund certain outstanding maturities of the District's outstanding General Obligation Bonds, Election of 2006, Series 2013 and to pay the costs of issuance of the Series B Refunding Bonds.

The refunding will result in an estimated present value savings in cash flow of \$20,236,430.



**INDEPENDENT AUDITORS' 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***

The Board of Trustees
The Proposition S Citizens' Oversight Committee
San Diego Community College District
San Diego, California

We have audited, 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, the Proposition S Bond Building Fund financial statements of the San Diego Community College District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's Proposition S Bond Building Fund financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 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 non-compliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
December 5, 2019

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019**

There were no findings related to the financial audit of the Proposition S Bond Building Fund for the year ended June 30, 2019. In addition, there were no findings related to the financial audit of the Proposition S Bond Building Fund for the year ended June 30, 2018.

PERFORMANCE AUDIT OF THE PROPOSITION S BOND BUILDING FUND



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Proposition S Citizens' Oversight Committee
San Diego Community College District

We have conducted a performance audit of the San Diego Community College District (the District) Proposition S Bond Building funds for the year ended June 30, 2019.

We conducted our performance audit in accordance with generally accepted auditing standards established by the Government Accountability Office's *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 17 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Proposition S Bond Building funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Proposition S Bond Building funds for the fiscal year ended June 30, 2019, only for the specific projects developed by the District's Board of Trustees, and approved by the voters in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

CliftonLarsonAllen LLP
Glendora, California
December 5, 2019

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2019**

BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

On November 5, 2002, by majority election of the district's registered voters, \$685,000,000 in general obligation bonds (Proposition S) were authorized to be issued and sold for the benefit of the District. Proceeds from the bonds are to be used for acquisition, construction, renovation, repair, and modernization of certain District property and facilities and to refund or advance refund certain obligations of the District. The bonds were scheduled to be issued in four increments over a ten-year period.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Proposition S bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Proposition S Bond Building Fund have been expended only for the authorized bond projects.

OBJECTIVES

The objectives of our performance audit were to:

- determine the expenditures charged to the District Proposition S Bond Building Fund;
- determine whether expenditures charged to the Proposition S Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition S in November 2002.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2018 to June 30, 2019. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2019, were not reviewed or included within the scope of our audit or in this report.

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2019**

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of expenditures considering all object codes and projects for the year ended June 30, 2019. Our sample included 15 transactions totaling \$4,319,709 (54.01% of non-salary related expenditures). No salaries or benefits were tested.
- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project list.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Proposition S Bond Building Fund and that such expenditures were made on authorized bond projects.

SUPPLEMENTARY INFORMATION

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
PROPOSITION S BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2019**

CITIZENS' OVERSIGHT COMMITTEE MEMBERS LISTING

The Citizens' Oversight Committee has the following members as of June 30, 2019 all of whom were appointed by the District's Board of Trustees with two year terms, with a maximum of three consecutive terms of office:

| Name | Title | Representation | Education |
|-----------------------|------------------|--|------------------|
| Jane Gawronski, Ph.D. | Chairperson | Active in a Senior Citizens' Organization | 15282(a)(2) |
| Bob Kiesling | Vice Chairperson | Active in a Bona Fide Taxpayers' Organization | 15282(a)(3) |
| Elizabeth Armstrong | Member | Active in the Support and Organization of the Community College District | 15282(a)(5) |
| Leslie Bruce, J.D. | Member | Community -at- Large | 15282(a) |
| Mike Frattali | Member | Active in a Bona Fide Taxpayers' Organization | 15282(a)(3) |
| Shandon Harbour | Member | Active in a Bona Fide Taxpayers' Organization | 15282(a)(3) |
| Ed Oremen | Member | Community -at- Large | 15282(a) |
| Yen Tu | Member | Active in a Business Organization | 15282(a)(1) |
| Linda Zintz | Member | Community -at- Large | 15282(a) |

**SAN DIEGO COMMUNITY COLLEGE DISTRICT
 PROPOSITION S BOND BUILDING FUND
 For the Fiscal Year Ended June 30, 2019**

SCHEDULE OF EXPENDITURES BY PROJECT FOR PROPOSITION S

| <u>Project Name</u> | <u>Site</u> | <u>Expenditure</u> |
|---|-------------|---------------------|
| Districtwide ERP Systems | District | \$ 7,578,474 |
| Technology & Distribution Center | Miramar | 56,620 |
| Child Development Center | City | 164,167 |
| Consolidation of Center City and Cesar Chavez | CE | 1,500 |
| Campus Facilities Support Renovation | Mesa | 197,487 |
| Total | | <u>\$ 7,998,248</u> |

See independent auditors' report