



Santa Monica Community College District
Citizens' Bond Oversight Committee
MEETING – January 18, 2012
MINUTES

A meeting of the Santa Monica Community College District Citizens' Bond Oversight Committee was held on Wednesday, January 18, 2012 in Drescher Hall Room 300-E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.

1. CALL TO ORDER - 8:09 a.m.

2. ROLL CALL

Bruce Sultan, Chair – Present
Todd Flora – Present
Corin Kahn – Present
Nimish Patel – Absent
Barry Snell - Present
Christine Thornton – Present
Harrison Wills – Absent

Others Present:

Sara Banda, representing Vicenti Lloyd & Stutzman, LLP
Greg Brown, Director of Facilities and Planning
Don Girard, Senior Director, Government Relations/Institutional Communications
Lee Paul, LPI Inc.
Lisa Rose, Committee Coordinator
Charlie Yen, Director, Contracts

3. APPROVAL OF MINUTES – October 19, 2011

Motion was made by Christine Thornton and seconded by Corin Kahn to approve the minutes of Citizen's Bond Oversight Committee meeting on October 19, 2011. *Unanimously approved.*

4. CONFLICT OF INTEREST FORMS

Members were reminded to sign and submit their Conflict of Interest forms for 2012.

5. REPORTS and DISCUSSION

2010-2011 Prop 39 Financial Audit and Performance Audit Reports

Sara Banda, representing the District's auditing firm of Vicenti Lloyd & Stutzman, LLP, and Chris Bonvenuto, Director of Fiscal Services, provided an overview of the 2010-2011 Prop 39 Financial Audit and Performance Audit Reports. The Auditor indicated that there were no instances of noncompliance in both audits and did not identify any exceptions or deficiencies. *Highlights are attached.*

Motion was made by Corin Kahn and seconded by Barry Snell to accept without exception the 2010-2011 Prop 39 Financial and Performance Audit Reports: *Unanimously approved.*

5. REPORTS and DISCUSSION (continued)

Measure U, S and AA and Bond Sales Expenses Reports (reports included with agenda)

- The following new projects will be underway this year:
 - Parking Structure at the Academy of Entertainment and Technology (first phase of the Media and Technology Complex project)
 - Information Technology Relocation
 - Performing Arts East Wing
 - Health/PE/Fitness/Dance Replacement

There will be several relocations associated with the above projects.

- The District purchased property (office building) at 919 Santa Monica Blvd. adjacent to the Performing Arts campus (Measure AA funds). A plan will be developed for short-term, mid-term and long-term uses for the building.
- Expenditures for the next year will include plans for the Malibu site (required by Los Angeles County before property acquisition is finalized) and the child care facility at the Santa Monica Civic Center.
- There will some re-prioritization of Measure AA projects because of the lack of state funds for future buildings, specifically for the Replacement Math and Science Extension project. The facilities staff will be consulting with appropriate campus groups in order to develop recommendations for proceeding with plans for the project.
- Expenditures for the last period are minimal since most projects are in the planning process.

Bond Sales/Expenses Report

The Bond Sales/Expenses Report indicates total bond amounts, bond issue dates/amounts, unsold bond amount and total available as of January 1, 2012.

6. PUBLIC COMMENTS - None

7. SCHEDULE OF MEETINGS, 2011-2012

Wednesdays at 8 a.m.
April 18, 2012

8. ADJOURNMENT - 9:13 a.m.

The next meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, April 18, 2012 at 8 a.m. (location to be determined).

SANTA MONICA COMMUNITY COLLEGE DISTRICT
Financial and Performance Audits
MEASURE U, MEASURE S AND MEASURE AA Bonds
Items to Communicate to the Citizens' Oversight Committee
For the Year Ended June 30, 2011

Vicenti, Lloyd & Stutzman LLP has prepared the following information to communicate to the Citizens' Oversight Committee the highlights of the audit reports based upon the results of our 2010-11 audit of the Bond Building Fund.

Scope of Engagement:

We were engaged to perform the financial audit of the Bond Building Fund and the performance audit of the Measure U, Measure S and Measure AA bond proceeds. Both audits were conducted in accordance with *Government Auditing Standards*.

The Audit Process:

The audit process began with a pre-audit conference with management and a member of the Board of Trustees to discuss the audit plan, scope and responsibility and to ensure that we are independent and maintain our independence throughout the engagement. We stayed in contact with management throughout the audit process, and met with a member of the Board of Trustees to review the results of the audit.

Financial Audit:

**ITEMS TO
COMMUNICATE**

HIGHLIGHT

Independent Auditors' Report
Pages 1 – 2

Provides the auditors' opinion on the fairness of the financial statements of the Bond Building Fund prepared by management and whether the financial statements are prepared in accordance with generally accepted accounting principles.

Our opinion is that the financial statements are fairly presented and follow generally accepted accounting principles.

**ITEMS TO
COMMUNICATE**

HIGHLIGHT

***Fund Financial Statements
Pages 3 –7***

Fund financial statements follow generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. There are three statements required:

- 1) Balance Sheet
- 2) Statement of Revenues, Expenditures and Change in Fund Balance.
- 3) Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual.

These financial statements provide a short-term perspective by being prepared on a modified accrual basis of accounting. Capital assets and long-term liabilities associated with the Bond Building Fund are accounted for in the basic financial statements of the Santa Monica Community College District.

***Footnotes
Pages 8 – 21***

The footnotes are an integral part of the financial statements – the financial statements would be incomplete without footnotes. The footnotes help to explain the accounting policies of the District and give more insight into the numbers included in the financial statements of the Bond Building Fund.

Some of the key footnotes are:

Note 1 – Accounting Policies

A new disclosure was added this year to include implementation of GASB 54, Fund Balance Reporting requiring ending balances to be reported as restricted rather than designated.

Note 2 - Deposits

Note 4 – Bonded Debt

Note 5 – Commitments

Note 6 – Subsequent Event

Disclosure was added for the purchase of land and building from Measure AA bond proceeds on November 22, 2011.

**ITEMS TO
COMMUNICATE**

HIGHLIGHT

***Internal Control and Compliance
Letter Required by Government
Auditing Standards
Pages 22 – 23***

This letter discusses whether, during the course of our audit, we noted any material issues of non-compliance with local or state laws and/or regulations; also, whether any internal control issues were noted regarding the processing of “on-going” transactions.

It should be noted that findings are a by-product of the audit and not the primary purpose of the audit. The primary purpose of an audit is to give our opinion on the financial statements as noted above.

***Findings and Responses
Page 24***

This section includes any compliance and/or internal control findings.

There were no findings related to internal controls or compliance.

***Bond Projects Summary
Pages 25 – 27***

This section provides a summary of expenditures by project.

Provides cumulative information on individual projects funded by each Bond Measure.
Measure U has negative expense in the current year. This negative expense is the result of an excess amount of \$834,763 received from the Federal Emergency Management Act. The excess was transferred to Measure U to reimburse for prior expenses paid out of this fund.

Performance Audit:

The objectives of the performance audit are listed on page 3 of performance audit report which includes compliance with laws, regulations, contracts, etc. Our performance audit communicates that the district expended bond proceeds on voter approved projects, and not on District operating expenses. Nothing came to our attention that would indicate any non-compliance with laws and regulations. There are no findings in the current year or in the prior year to report to the COC or Board of Trustees.

This report is intended solely for the use of the Santa Monica Community College District’s Citizens’ Oversight Committee, management and others within the organization.