



DESERT COMMUNITY COLLEGE DISTRICT
College of the Desert

Citizens' Bond Oversight Committee Meeting
December 12, 2007
3:00 p.m. – 4:30 p.m.
North Annex Room 1
Minutes

Members Present: Dr. William Feddersen (Senior Citizen Group); Mr. Kenneth E. Feenstra (Member At-Large – West Valley Representative); Ms. Marjorie A. Kussman (Taxpayers' Association); Mr. Alfred A. (Al) McCandless (Business Representative); Mr. Noel Ramos (Member At-Large – East Valley); Mr. Geoffrey Klinge (Student)

Members Not Present: Dr. Ward Fredericks (College Support Organization)

In Attendance: Dr. John D. Randall, College of the Desert's Interim Vice President, Administrative Services; Mr. Steve Renew, College of the Desert's Director of Maintenance and Operations; Mr. Wade Ellis, College of the Desert's Director of Fiscal Services; Mr. Jim Rogers, Program Manager from EIS Professionals; Mr. Gary Dake, Managing Partner of Lund & Guttry; Mr. Artero Ceja, Senior Staff Accountant of Lund & Guttry

Call Meeting to Order – Vice-Chair, N. Ramos, called the meeting to order at 3:00 p.m. He chaired the meeting in the absence of the Chair, W. Fredericks. Everyone introduced themselves for the record.

Approval of Minutes from June 20, 2007 Meeting – Motion to approve minutes as presented by A. McCandless, seconded by K. Feenstra. All approved. Motion passed.

Comments from the Public – No comments from the public.

Financial & Performance Audit Results – G. Dake from Lund & Guttry presented the Financial and Performance Audit results for 2006-2007 to the Committee. The committee received bound copies of both audit reports at today's meeting. A. McCandless said that he received copies of the audit reports with the agenda prior to today's meeting and today the committee received bound copies of the audit reports. A. McCandless asked if there were any changes to any of these audit reports. W. Ellis said that there are no changes. The copies that were sent with the agenda were electronic copies of the bounded copies received today.

Financial Audit Overview

- Page 1 - Independent Auditors' Report, last paragraph; "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Bond Fund of the Desert Community College District as of June 30, 2007 and 2006, in conformity with accounting principles generally accepted in the United States of America."
- Page 3 – Balance Sheets (assets and liabilities) with comparison over a two year time frame
- Page 4 – Statements of Revenues, Expenditures and Change in Fund Balance
- Page 5 – Statements of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Year Ended June 30, 2007. The budget for capital outlay expenditures reflects amounts remaining and available for current and subsequent year's expenditures

- and does not necessarily coincide with actual planned expenditures in the current year. All budget expenditures are included in capital outlay due to budgeted expenditures being tracked by project instead of by expense classification.
- Page 6 – Statements of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Year Ended June 30, 2006.
 - Page 7 & 8 – Notes to Financial Statements – Summary of significant accounting policies, excess of expenditures over appropriations and bonded debt (details of what happened with the bonds).
 - Page 10 – Subsequent Events - Represents anytime an event has occurred after the close of the year. It is anything that is important or relevant to the reader that happened after June 30, 2007. It has no bearing on what happened ending June 30, 2007. First paragraph references the burn tower agreement and the second paragraph references the issuance of the Series “B” Bonds.
 - Page 11 & 12 – 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 – If we are in compliance under the Government Auditing Standards and in compliance with Internal Control over Financial Reporting. Last sentence in paragraph two states, “The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.” First sentence in the last paragraph states, “We noted no matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions.” A. McCandless was concerned with the auditors performed testing of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. W. Ellis discussed the auditing policy and procedures with the committee.
 - Page 11 & 12 – Committee continued discussing these pages of the 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.

K. Feenstra asked if it is standard procedures to have just Lund & Guttry signature instead of the auditors’ signature on page 12? G. Dake responded, “Yes, that’s correct. Those are our opinions on our letterhead indicated what we did.”

A. McCandless asked about the Standard General Accounting Principles by state and federal governments. G. Dake responded by stating that all the states follow the practices of the United States General Accepted Accounting Principles. It is drawn up by a group of CPAs back east referred to as the American Institute of CPAs. They are the ones that are involved with the Governmental Accounting Standards Board. They are led by industry leaders and CPAs. They govern all the procedures that the CPAs follow. That would be universal with all the fifty states. It doesn’t differ from state to state. There are three main types of accounting procedures used; accrual basis accounting, cash basis accounting or income tax basis accounting. But when you do audits for a government agency, we are required to follow the General Accepted Accounting Principles.

M. Kussman commented, “As a CPA, I’m familiar with these reports and I’m very pleased that it is such a clean report and that you had found no reportable conditions and I think the college is doing a great job.”

N. Ramos referred to the second paragraph on page 9, “The bond proceeds may not be used for District employees’ salaries or other administration costs. In November, 2004 the Attorney General of California issued an opinion stating that districts may use Proposition 39 bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure. The District did not spend any bond proceeds on salaries of District employees for

the years ended June 30, 2007 and 2006." N. Ramos asked Steve in relation to the above statement, should we decide to have staff work on bond projects, what would have to change in our scenario here where that could impact differently as for as how that spending is going so far. S. Renew said that if we decided to have staff that is appropriate to spend staff hours on bond projects, it would have to be tracked very discernable with that type of expenditure. For us in a practical method, it is not worth pursuing. We have project managers and construction managers handling the bond projects.

Performance Audit Overview

- Page 1 – Independent Auditors' Report, last paragraph states, "In our opinion, the Desert Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2007."
- Page 4 – Summary of expenses that occurred during the year.
- Page 5 & 6 – Updates of where the projects stand.
- Page 6 – Conclusion: "Based upon our procedures performed, we found that for the items tested, the District has properly accounted for the expenditures of the funds held in the Bond Fund and that such expenditures were made on authorized bond projects."

Phase I Projects Update

S. Renew reviewed the items listed below from a PowerPoint presentation:

1. Overview – Currently exists as of today
 - a. Citizens' Oversight Committee Responsibilities – It is the committee members mission to oversee the projects and not be project managers.
 - i. Reviewed Responsibility column and Report/Information/Data column
 - b. California Constitution Article XIII A [Tax Limitation]
 - i. Reviewed Article XIII A
 - c. California Education Code Section 15278-15282
 - i. Reviewed the purpose of the Citizens' Oversight Committee

Steve will remove from the presentation the information on the Citizens' Oversight Committee Responsibilities, Article 13A [tax limitation] and California Education Code Section 15278-15282 and bring it back once a year for the new committee members.

- d. Project Progress (on schedule and budget)
 - i. Infrastructure Phase 1
 1. In Progress
 - ii. Barker Nursing Complex
 1. In Progress
 - iii. Public Safety Academy
 1. In Progress
 - iv. Central Plant
 1. In Progress
 - v. Softball Field
 1. In Progress
- e. At State Architect (DSA) for Review
 - i. Alumni Building
 1. DSA approved
 - ii. Business Building Modernization
 1. To DSA in December
 - iii. Dining Hall Renovation
 1. To DSA in December

- iv. Craven's Student Services Center
 1. To DSA in December
- v. East Valley Center (modular village)
 1. To DSA in January

The committee would like to see the scope and a summary on the progress of each project that occurs between each quarterly meeting added to the presentation or as an agenda item. Steve Renew will provide the information.

K. Feenstra asked if there is a master plan for the East Valley Campus. S. Renew said that there is not but there are schematics on the East Valley Campus. The committee would like to have a summary on the progress of the East Valley Campus at each meeting. S. Renew will provide the information.

The committee would like to have a tour of the campus one hour prior to the 3:00 p.m. meeting on March 12th meeting. Steve will arrange the tour. J. Randall suggested that the committee may want to tour the East Valley Center in the future. The committee agreed.

- f. Acronyms
 - i. Reviewed list
- g. Building Ground Square Footage
 - i. Reviewed list
- h. Handout
 - i. Reviewed the Division of the State Architect (DSA) form DSA-6

2. Supplemental Information

- Issuance of Series B and C
- Evaluate and Update Building Construction Schedule
- Evaluate and Update Project Budget Allocations

Phase I Bond Project Financial Report

S. Renew reviewed the following financial reports from PowerPoint presentation:

1. Total Project Expenditures of Measure "B" Inception thru July 31, 2007
 - a. Total budget \$354,348,439.00 (Measure B and refund money)
 - b. 8% expended, \$25,279,787
 - c. 92% available, \$329,068,652
2. Measure "B" Series "A" Expenditures Inception thru July 31, 2007
 - a. Total budget is \$72,848,412.00
 - b. 38% expended, \$25,279,787
 - c. 62% available, \$47,568,625
3. Bond Matrix - College of the Desert refers to this document to make sure we are in compliance with the bond language.
4. Project Expenditures Series "A" Only – reviewed numbers for budget, expenditures and balances for the Measure B Bond projects.

2006-2007 Annual Report

A motion made by M. Kussman to approve the annual report as presented today with the location of future meetings changed, as soon as Steve Renew confirms a location, seconded by K. Feenstra. All in favor.

Schedule of Meetings for FY2007-2008

March 12, 2007, June 18, 2008, September 17, 2008

Future Agenda Items

Construction "Standards of Performance" measures for our use.....This item will be carried over to the next meeting for Dr. Fredericks to discuss.

Adjournment – Motion to adjourn at 3:30 p.m. by A. McCandless, seconded by M. Kussman. All approved.