

**Citizens' Bond Oversight Committee  
Annual Report**

**Fiscal Year 2010**

**Dated: May 26, 2011**

## **Introduction**

On behalf of the Citizens' Bond Oversight Committee, I am pleased to present the 2010 First Annual Report to the Community. The Citizens' Bond Oversight Committee (CBOC) Annual report entails an overview of the events and pertinent facts as deemed by the committee to be relevant and note worthy. It entails an introduction to the members of the board and summaries of the project and budget highlights and the financial information related to the Prop R Bond Program as related to us from the Staff.

The Report showcases the hard work and determination of the Southwestern Community College District (SCCD) Governing Board, District administration, staff and community members to assure this program and its monies are managed in accordance with what was approved by the voters.

This development will ensure that Southwestern College will continue to be and will always be a top rated Community College. Because of the Proposition R Bond this college will continue to serve the students and the community for years to come.

Sincerely,

David Adams,  
Citizens' Bond Oversight Committee Chairman  
Business Representative

## **Proposition R**

To improve affordable, South Bay community college education/job training, qualify for state matching grants, upgrade nursing, firefighter/police academy training, repair classrooms, science labs/technology, fix plumbing, bathrooms, roofs, wiring, improve fire/earthquake safety, heating/security systems, remove asbestos; acquire, construct, repair, equip classrooms, sites, facilities, improve handicapped accessibility/energy efficiency to reduce costs; shall Southwestern Community College District issue \$389,000,000 in bonds, at legal rates, required citizen oversight, annual audits and no money for administrators' salaries?

Proposition R approving \$389 million in bonds for construction, reconstruction and rehabilitation of facilities at Southwestern College (SWCCD) was approved by 95,840 (71.41%) of community college district voters in 2008 (far in excess of the 55% threshold required for approval). Besides the text of the ballot proposition (above), SWCCD's Proposition R website ([www.buildswc.com](http://www.buildswc.com)) contains updated information about planned projects and current status.

## **Bond Oversight Committee and Report**

In accordance with California Constitution Chapter XIII A (1) (b) (3), Proposition 39 and AB 1908, SWCCD formed a Citizens' Bond Oversight Committee (CBOC) to report annually. Among other things, the CBOC verifies that Prop R funds are not expended for "teacher and administrator salaries and other school operating expenses."

The committee began meeting June 2009; this is its first report, covering the fiscal year ending June 30, 2010 (FY10) CBOC conducts open public meetings governed by the Brown Act of the State of California. Meetings have been held quarterly (or more often when required). Members of the public are welcome and invited to attend. See website for committee meeting dates, agendas, minutes, and other information.

## **Transition**

During the latter part of 2010 a major restructuring of the SCCD Governing Board and senior administration (including the president) took place. These positions have been filled with capable personnel and the transition went smooth. There was a period of approximately 45 to 60 days when the staff wasn't up to full speed on what went on and what was going on. That issue seems to be resolved and we feel that they are currently up to speed and have a good handle on what is going on and what direction to head next.

## Major Events

The first \$100 million of Proposition R bonds were sold in November 2009. Favorable interest rates were obtained, as well as interest expense benefits under ARRA for \$89 million of that total.

During FY10, activities were primarily planning, including selection of project manager and architect for the first phase of construction. Favorable prices were obtained for those services due to general economic conditions and competitive conditions fostered by the district. Since no construction commenced during FY10, first year actual expenditures totaled less than \$1 million.

The first audited financial statement of Proposition R funds for the fiscal year ending June 30, 2010 was completed February 2011 and presented to and approved by the SWCCD Governing Board February 2011, and presented to the CBOC in March 2011. A committee member did express a concern on the content of the performance audit; although Proposition R received a "clean" audit opinion by the CPA auditor firm Caporicci & Larson, Inc.

## Citizens' Bond Oversight Committee Members, Goals & Objectives

The CBOC is comprised of seven members representing various areas of the community. Members serve two year terms. First year terms of one year were randomly determined for greater long-term continuity provided by staggered terms. The areas and initial representatives and terms are summarized as follows:

| <u>Area</u>                 | <u>Representative(s)</u> | <u>Term #1</u> | <u>Term #2</u> |
|-----------------------------|--------------------------|----------------|----------------|
| Senior citizens             | Joe Casillas             | 2009-2011      | ***            |
| Business                    | David Adams              | 2009-2010      | 2010-2012      |
| SW College Foundation       | Peter Mabrey             | 2009-2010      |                |
|                             | (vacant)                 | 2010-2011      | ***            |
| Taxpayers association       | Rebecca Kelley           | 2009-2011      | ***            |
| At-Large community member   | Mike Rahm                | 2009-2010      |                |
|                             | Ditas Yamane             |                | 2010-2012      |
| At-Large community member   | David Krogh              | 2009-2011      | ***            |
| Student body representative | Kenia Lopez              | 2009-2010      |                |
|                             | Claudia Duran            | 2010-2011      |                |

The CBOC has been chaired by Peter Mabrey 2009-2010 and David Adams 2010- Current. SWCCD is now accepting applications for the new terms indicated \*\*\* above.

The CBOC represents the public as a "reasonable man" monitoring the district's actions, reporting, and performance with Proposition R funds. It receives and reviews reports, asks questions and obtains answers. It holds meetings to obtain necessary information from

college staff and officers, and it publishes this report to the Governing Board and to the public. It provides transparency to the public by holding open meetings, and posting all key information received and reported on its website.

## **Website**

A website has been maintained for BOC ([www.buildswc.com](http://www.buildswc.com)) since its inception in 2009. That site is also accessible via a "Prop R" link on the [www.swccd.edu](http://www.swccd.edu) website.

## **Financial and Performance Audit Results**

The independent auditors' report prepared by Caporicci & Larson, Inc. presented to the committee by partner Kenneth H. Pun, CPA gave Proposition R financial statements a 'clean opinion' for fair and reasonable reporting. This report is available for inspection on the website.

The report contained mention of auditors' consideration of district 'internal controls' reported via separate report dated Feb. 24, 2011. See following section.

## **Citizens' Bond Oversight Committee Assessment**

During its March 2011 meeting, CBOC heard the presentation by the auditor, reviewed the Proposition R financial reports, and found them to be generally acceptable. A question was raised regarding the efficacy of investment of Proposition R bond funds awaiting expenditure on construction; staff reported that improvements had already been instituted effective June 28, 2010.

Regarding the general internal control issues reported to and being handled by the district, the only issue relevant to Proposition R was an adjustment recommended by auditor and accepted by the district regarding proper classification of bond underwriting costs which thereby were properly reported as expenditures in the FY10 financial statements. No further exception is taken by CBOC at this time, and CBOC looks forward in the coming year to the District's resolution of the general internal control issues mentioned by the auditor.

## **Proposition R project progress**

Planning and execution of Proposition R "Phase One" project is progressing, albeit at a slightly slower rate than originally planned to due various circumstances such as unexpected soil conditions.

While no construction had begun as of June 30, 2010, progress was made. For example, certain schematic drawings and renderings were completed, working drawings developed and readied for submittal to the Department of the States Architect (DSA) for their review by September 2011. We were informed that the bidding process will begin while the plans are under review and that construction is slated to begin the first part of 2012. For more specific details please go to the Prop R web site.

## **Conclusion**

This report unanimously endorsed and respectfully submitted by the chairman and all committee members, May 26, 2011:

|                                                                           |                            |              |
|---------------------------------------------------------------------------|----------------------------|--------------|
| David Adams, Chairman                                                     | David Krogh, Vice-Chairman | Joe Casillas |
| Claudia Duran                                                             | Rebecca Kelley             | Ditas Yamane |
| (Committee member #7 position (foundation member) vacant as of this date) |                            |              |