



Santa Monica Community College District  
**Citizens' Bond Oversight Committee**  
**MEETING – JANUARY 18, 2017**  
**MINUTES**

A meeting of the Santa Monica Community College District Citizens' Bond Oversight Committee was held on Wednesday, **January 18, 2017 at 8 a.m.** in Drescher 300-E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.

1. **CALL TO ORDER:** 8:05 a.m.

2. **ROLL CALL - Members**

- Sonya Sultan, Chair - Present
- Katherine Reuter, Vice-Chair - Present
- Jeffrey Graham – Present
- Sion Roy - Present
- Sharon Barovsky - Present
- Michael Dubin - Present
- Zavanna Negrón – **Absent**

Others Present:

- Mr. Bill Rauch – Partner, Varinek, Trine, Day & Company (VTD)– CPA
- Dr. Kathryn E. Jeffery, Superintendent/President
- Don Girard, Senior Director, Government Relations/Institutional Communications
- Greg Brown, Director Facilities
- Chris Bonvenuto, Chief Director, Business Services
- Ramin Nematollahi, Citizens' Bond Oversight Committee Coordinator
- Charlie Yen, Director - Contracts
- Emil Zordilla, Assistant Director, Facilities Planning

3. **APPROVAL OF MINUTES**

The minutes of the Citizens' Bond Oversight Committee meeting of October 19, 2016 were approved as is. *Motion was made by Katherine Reuter and seconded by Jeffrey Graham and unanimously approved by the committee.*

4. **CONFLICT OF INTEREST FORM**

Members completed and endorsed forms. The forms are on file.

5. **REPORTS and DISCUSSION**

Chris Bonvenuto discussed Santa Monica College's previous audit firm (Vicenti, Lloyd & Stuzman, CPAs), which had served as SMC's auditor for 15 years and had given SMC "Unmodified Opinions". Varinek, Trine, Day & Company was selected after a formal bidding process and received a 3 year contract with an option of 2 years. Dr. Jeffery commented on the common and good practice of changing auditors.

A. **Santa Monica Community College District**

**Measure U, Measure S, Measure AA General Obligation Bonds Financial and Performance Audit, June 30, 2016**



Santa Monica Community College District  
**Citizens' Bond Oversight Committee**  
**MEETING – JANUARY 18, 2017**  
**MINUTES**

Mr. Bill Rauch, presented the 2015-2016 Financial and Performance Audit Reports and reviewed the findings with the committee. He reviewed the Opinion of the findings which state:

**“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Measure U, Measure S, Measure AA General Obligation Bond Funds (Measure U, Measure S, and Measure AA) of the District as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.”** *(Page 3, of the SMCCD, Measure U, Measure S & Measure AA General Obligation Bonds Financial And Performance Audits – June 30, 2016 – Varinek, Trine, Day & Co. LLP)*

He reiterated the “unmodified opinion”, which is the highest mark that can be received for a financial and performance audit. He further reviewed, **The Statement of Revenues, Expenditures, and Changes in Fund Balance** on page 5. He also discussed the “None Reported” findings on Financial Statement Findings on page 17.

**B. Santa Monica Community College District**  
**Measure U, Measure S, Measure AA General Obligation Bonds Performance Audit**  
**June 30, 2016**

Mr. Rauch discussed the procedures performed for the performance audit. A sample of expenditures was selected starting July 1, 2015 and ending June 30, 2016, and supporting documentation was reviewed to ensure that funds were properly expended on specific project list. The sample included transactions totaling **\$49,446,725**, which represent **71** percent of the total expenditures of **\$69,373,518**.

Based on this testing, Varinek, Trine, Day & Co. LLP, verified that funds from Measures U, Measures S, and Measures AA general Obligation Bond Funds (Measure U, Measure S, Measure AA) were expended for the construction, renovation, funding and equipment of District facilities constituting authorized bond projects.

**Conclusion:**

“The results of our test indicated that, in all significant respect, the Santa Monica Community College District has properly accounted for the expenditures held in the Measure, U, Measure S, and Measure AA general Obligation Bond Funds (Measure U, Measure S, Measure AA) and such expenditures were made for authorized bond projects. There were no salaries of administrative charged to the Measure U, Measure S, and Measure AA General Obligation Bond Funds for District general administration or operations.” *(Page 4, of the SMCCD, Measure U, Measure S & Measure AA General Obligation Bonds Performance Audits – June 30, 2016 – Varinek, Trine, Day & Co. LLP).*

Mr. Rauch also discussed the “none reported” comment regarding the Schedule of Findings and Questioned Costs – Page 5, (June 30, 2016) and reiterated that “There were no audit findings reported in the prior year’s Schedule of Findings and Questioned Costs.”

*Motion was made by Sharon Barovsky to accept the report as is and seconded by Katharine Reuter and unanimously approved by the committee.*



### C. SMC Bond Capital Construction Budget Summary as of December 31, 2016.

Emil Zordilla, Assistant Director, Facilities planning, gave a visual presentation of the bond construction project:

- **Center for Media and Design:** The project is progressing as planned. Date of Completion is first quarter of 2017 with a move in date of fall 2017.
- **East Wing Performing Arts Center:** The PAC is scheduled to open for spring 2017 semester.
- **Core Performance Center:** Formerly known as the Fitness Center is going to be completed in January and will be occupied spring 2017 semester.
- **Student Services Building:** Large structure beams will be placed in the coming weeks. The student services building is schedule to open last quarter of 2018 and occupied by early 2019.
- **Malibu Campus:** Currently awaiting the finalization of lease from Los Angeles County. Bidding for the project will take place in the summer of 2017 with construction to begin in fall of 2017. Completion date is last quarter of 2019.
- **Early Childhood Education Center:** Awaiting coastal commission approval. Bidding for the project is expected in the summer of 2017 with construction to commence fall 2017. The project is schedule to be completed fall of 2018.

### D. Measure U, S and AA and Bond Sales Expense Reports

The SMC Bond Capital Construction Budget Summary as of December 31, 2016 reports the following:

<b>Measure U Budget:</b>	\$160,000,000
<b>Measure S Budget:</b>	\$143,500,000
<b>Measure AA Budget:</b>	\$295,000,000
<b>Other Funding Received:</b>	\$ 26,195,758
<b>Other Funding Pending:</b>	\$ 52,594,548
<b>Total Budget:</b>	\$698,766,706
<b>Estimate at Completion:</b>	\$698,590,482
<b>Bond Funds Remaining:</b>	\$158,468,301

- **Measure U:** Total Measure U Expenditures last period were **\$3,144,064**; total remaining funds are **\$8,848,412**; no budget variance.
- **Measure S:** Total Measure S Expenditures last period were **\$180,983**; total remaining funds are **\$55,560,851**; no budget variance.
- **Measure AA:** Total Measure AA Expenditures last period were **\$17,720,703**; total remaining funds are **\$94,059,038**; no budget variance.



Santa Monica Community College District  
**Citizens' Bond Oversight Committee**  
**MEETING – JANUARY 18, 2017**  
**MINUTES**

- The Bond Sales/Expense Report indicates total bond amounts, bond issue dates/amounts unsold bond amount and total available as of December 31, 2016.

<b>Total Bond:</b>	\$598,500,000
<b>Total Available:</b>	\$528,492,559
<b>Total Expenses:</b>	\$440,031,699
<b>Total Available Remaining:</b>	\$ 88,460,860
<b>Total Unsold Bond:</b>	\$ 70,007,441

- The SMC Bond Construction Program Contractor List as of December 31, 2016 was included in the packet.
- Current information on all bond construction projects is available at: <http://smcbondprogram.com> and at <http://www.smc.edu/CBOC>

**7. SCHEDULE OF MEETINGS, 2016-2017**

Wednesday, April 19, 2017 at 8 a.m.

**8. ADJOURNMENT: 9:10 am**

The next meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, April 19, 2017 at 8 a.m. in Drescher Hall Room 300-E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.