



SAN JOSE EVERGREEN COMMUNITY COLLEGE DISTRICT

CITIZENS BOND OVERSIGHT COMMITTEE

MEETING MINUTES

Wednesday, May 13th 2009 - 6:30 PM
Gullo Student Center II – Room G2-112
Evergreen Valley College

<u>Attendees:</u>	Benjamin White	Community at-large
	Nicholas Dinh	Taxpayers Association
	Hector Cortez	Support Organization
	Tony Estremera	Community at-large
	Jaspal Singh	Community-at-large
	Ron Root	Vice-Chancellor, Administrative Services
	Robert Dias	District Exec. Director of Facilities

Meeting called to order at 6:45 PM

1. Nicholas Dinh requested an amendment to the proposed agenda to insert a Public Comment section. Motion to approve the agenda by Jaspal Singh, was seconded by Hector Cortez. Motion carried
2. Terri H. Montgomery, representing Vavrinek, Trive, Day & Co., LLP, the district's Independent Auditor, presented the committee with a brief explanation of her role and responsibilities for auditing the Measure G bond program. The following is a summary of her presentation:

The Independent Auditor serves an oversight function for both the Board of Trustees and the CBOC. The auditor prepares financial statements of the Measure G General Obligation Bond as part of the District's annual financial audit. Their responsibility is to express an opinion on these financial statements based on an intensive review of financial transactions conducted by the District. The audit is conducted in accordance with generally accepted accounting principles (GAAP) promulgated nationally and by the State of California.

Ron Root added a brief overview of the district's responsibility related to the audit and stated that all the financial information and the District's accounting procedures are reviewed by the auditor. The Independent Auditor works in conjunction with the district's internal accountants and District Controller to ensure consistency with the oversight and review procedures.

Ben White asked about the percentage of the sampling of the financial data that is analyzed. Ms. Montgomery responded by saying that the Performance Audit requires a 35% sampling is taken with this audit. As a comparison, most districts use a 25% sampling as a rule of thumb, but some go as high as 75%. Terri Montgomery added that the Independent Auditor typically looks for issues that are unique, such as soft project costs, change orders and special construction. The sampling process is generally random, but seeks to cover broad categories of expenditures so that functionally different areas are all covered.

Nicholas Dinh asked how the 35% sampling related to the general scope of the facilities master plans. The response was it was random and not project specific.

Ron Root added that as the facilities master plan is implemented, changes and adjustments are made to reflect campus-specific needs. Many decisions are required to be made to adjust to the changing instructional requirements of the colleges.

The Performance Report has a separate purpose from the financial audit. It presents an overview of how bond funds are spent in general, and reviews cash flows in terms of bond issuance and when implementation of projects occurs. The report the 35% sampling to ensure that the expenditures are in line with the intent and purpose of Measure G as passed by the voters. This report also provides a broad comparison of actual expenditures when compared with what the voters approved.

A question was asked about how many auditors were involved. The auditor responded by indicating that two auditors were directly involved with the independent audit followed by an internal cross-check and review by the firm.

A question was asked about the frequency of the Audits. Ms. Montgomery said that the audit is performed annually, and that her audit for FY2007/08 revealed that there were no inappropriate Measure G expenditures. There was a funding overlap between Measure I and Measure G, due to the implementation schedule of projects assigned to each bond measure and the need to close out Measure I. The financial documentation provided by the district was complete, easily accessible and easy to audit.

A question was raised if the auditor's procedures were dictated by the district. The response was "no." The audit is typically dictated by agreed-upon procedures as established and approved by the board and the CBOC. Ron Root added that the costs of auditor's services are not covered by bond proceeds.

The next audit is scheduled to being in the month of July / August. The final report will be completed and submitted to the district by November / December. The committee members asked if the reports could be emailed to them when completed. Mr. Root

responded that this can be done. Members of the CBOC committee may request clarification on information at any time between regularly scheduled meetings.

Ms. Montgomery reported that the District has a clean audit record to date.

A question was raised as to how far along the District is with the current Measure G bond program. Mr. Root presented a general overview of the current program and went on to explain how bond series are issued in accordance with the cash-flow required for the implementation of projects. Some projects are subject to scheduling logistics but others are dependent on changing instructional needs and commitments made to the voters. An example cited is the project to establish a college center in the Milpitas area. This project has been put on hold due to inability of the Milpitas Unified School District to secure funding for their new high school. The district is in the process of working with MUHSD to establish a college center on the existing high school site, which may take five years or more to implement. There are “arbitrage” implications on bond funds that remain beyond certain time limits. It is estimated that it may take between five to seven years to complete all projects listed under Measure G.

Nicholas Dinh asked a question about the impact of the proposed measures Prop 1 A-F on the May 19th state ballot and any prospects for Federal Stimulus funds.

Mr. Root responded that the state ballot measures all relate to the operational costs of various public agencies and have no impact on any capital improvement programs. There is no indication as to whether any Federal Stimulus funds will be directed to public education for capital outlay. Most of the current allocations have been directed to public infrastructure projects.

3. Under “public comments”, Nicholas Dinh raised the issue of the communication that was submitted to the Taxpayers Association relative to the Baseball Field project at San Jose City College from Mr. Steve Kline on behalf of the Sherman Oaks Neighborhood Association. He reviewed this communication and also the ballot language of Measure G and stated that under the San Jose City College, first bullet “**Expand Classroom and Facility Capacity, Upgrade Classrooms / Labs for Emerging Medical Service Programs:** the language covers the Baseball Field project. He did not view the complaint as justified, given the ballot language. Ben white echoed this position.
4. Motion to approve the minutes of 03-23-09 was moved by Tony Estremera and seconded by Jaspal Singh. Motion carried.
5. Ron Root gave a brief overview of the draft of the 2008-09 CBOC annual report. Robert Dias briefly addressed the changes that have been made since the issuance of the previous draft report. In general this report maintains the same format as for the previous year. Mr. Root suggested the committee approve the report and formally take it to the Board of Trustees in July or August 2009. Nicholas Dinh moved to approve the report. Seconded by Tony Estremera. Motion carried.

6. Meeting Schedule: The committee agreed that future meetings will occur at least twice a year with the next meeting after the Christmas break in January 2010. Diana Rodriguez in the Facilities Office will coordinate the day / time for the next meeting.
7. Motion to Adjourn by Hector, seconded by Ben. Motion carried, and the meeting was adjourned at 7:45 p.m., followed by a brief tour of the nearly completed Center for the Arts. The committee was impressed by this facility and expressed its appreciation of this project and the excellent impact that it will have on the students in the community in the visual and performing arts areas. The committee expressed high appreciation for the design and layout of the building and surrounding grounds. Mr. Dias announced that a Grand Opening ceremony for this project is scheduled for late September 2009 and members of the committee are most welcome to attend.

Respectfully Submitted:
Robert Dias
Executive Director of Facilities