



AGENDA

Bond Measure I Citizens' Oversight Committee
 Monday, April 10, 2017 – 4:00-5:00 p.m.
 Santa Maria Campus – Boardroom, B-100

CITIZENS' OVERSIGHT COMMITTEE MEMBERS

Tracy Beard
 Community at-large

Tim Bennett
 Community at-large

Terry Dworaczyk
 Support Organization

Hugh Rafferty
 Taxpayers Association

David Richardson
 Business Organization

Aloysia Shea
 Student Representative

Bill Thompson
 Senior Organization

DISTRICT STAFF

Kevin G. Walthers, Ph.D.
 Superintendent/President

Michael Black
 Associate Superintendent
 Vice President, Finance &
 Administration

Felix Hernandez Jr.
 Vice President, Operations

Andrew Masuda
 Director, Public Affairs &
 Communications

Carol Moore
 Director, Information
 Technology Services

NOTE TAKER

Melinda Martinez
 Executive Secretary to the
 Superintendent/President

	<u>ITEM</u>	<u>PRESENTER</u>	<u>TIME</u>
1.	Call to Order	Dr. Kevin Walthers	4:00 PM
2.	Public Comment: Public comment is welcomed. Under the provisions of the Brown Act, the committee is prohibited from discussing oral requests that are not part of the agenda.	Dr. Kevin Walthers	
3.	<u>Information Items</u>		4:05 PM
3.a.	Introductions/New Members	Dr. Kevin Walthers	
3.b.	Member Recognition	Dr. Kevin Walthers	
4.	<u>Action Items</u>		4:10 PM
4.a.	Elect a Chair/Vice Chair	Dr. Kevin Walthers	
4.b.	Approval of the minutes of the August 3, 2016 meeting	Committee Chair	
4.c.	Approval of the 2016 Citizens' Oversight Committee Annual Report to the Board of Trustees	Dr. Kevin Walthers	
5.	<u>Oral Reports</u>		4:30 PM
5.a.	Budget Presentation Financial Report for the period ending December 31, 2016	Mr. Michael Black	
5.b.	Audit Report for the year ending June 30, 2016	Mr. Michael Black	
5.c.	Technology Summary Report for the period July 1-December 31, 2016	Ms. Carol Moore	
5.d.	Facilities Summary Report for the period July 1-December 31, 2016	Mr. Felix Hernandez	
6.	Committee Members' Comments	All	4:55 PM
7.	Adjournment	Committee Chair	5:00 PM

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the President's Office at (805) 922-6966 ext. 3454. Please make requests 48 hours prior to the meeting in order to make reasonable arrangements to ensure accessibility to this meeting.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT BOND MEASURE I CITIZENS' OVERSIGHT COMMITTEE

Minutes
Regular Meeting
August 3, 2016

Allan Hancock College
Captain's Room, B-102
800 South College Drive, Santa Maria, CA 93454

1. Call to Order

Chair Nissinen-Harlow called the meeting to order at 4:00 p.m. with the following committee members present: Huggins, Manning, Nissinen-Harlow, Rafferty, Richardson, Shea, Wolf

Members absent: Thompson

Staff members present: Kevin Walthers, Michael Black, Felix Hernandez, Melinda Martinez, Andrew Masuda, and Carol Moore

2. Public Comment to Closed Session

Dan Hilker introduced himself as a recently retired employee of the college. He believes some statements in the March 1, 2016 meeting minutes are inaccurate. Mr. Hilker encouraged the committee to visit the facility and speak to staff in charge of the programs for more information.

3. Information Items

3.a. New Members

Dr. Walthers announced Allie Shea was appointed to the committee as a student representative by the Board of Trustees. Ms. Shea introduced herself to the committee.

3.b. Member Recognition

Dr. Walthers thanked Kenneth Wolf and Lisa Nissinen-Harlow for their service to the Citizens' Oversight Committee.

The meeting was paused briefly for photos at 4:05 p.m.

The meeting resumed at 4:07 p.m.

4. Action Items

4.a. Approval of the minutes of the March 1, 2016 meeting

On a motion by David Richardson, seconded by Robert Manning, the Citizens' Oversight Committee approved the minutes from March 1, 2016 as submitted.

(Ayes: Huggins, Manning, Nissinen-Harlow, Rafferty, Richardson, Shea, Wolf;
Noes: None; Absent: Thompson)

5. Oral Reports

5.a. Budget Presentation - Financial Report for the period ending June 30, 2016

Mr. Black reviewed the financial report, noting there has not been a significant amount of activity since the committee last met. Mr. Black shared they have underspent for the year and noted details of the project budgets and scheduled maintenance costs. He concluded his report with a review of the cash flow report and offered to respond to questions.

Dr. Walthers inquired about opportunities for refunding by refinancing the bonds. Mr. Black explained they have looked into refinancing, but at this point it is not worth it due to the cost. Mr. Black mentioned there is an opportunity to receive funds from a state bond, if the measure passes in November's election. The state bond funds would potentially bridge financing until the bonds can be released. Mr. Black added they are looking at several different financing options and said the main challenge is getting extra capacity and having property values go up.

Committee Member Richardson and Dr. Walthers discussed the impact of the price of oil and property values. Dr. Walthers provided additional explanation and noted the tax base is based on the value of the oil in the ground. When the price of oil drops and stays down, the land is worth less because the oil underneath it is worth less.

5.b. Technology - Summary Report for the period of January 1-June 30, 2016

Ms. Moore provided a summary report for technology projects and indicated that the Voice over Internet Protocol (VoIP) project was completed in December 2015. The Technology Advisory Committee (TAC) recommended 58 projects for \$380,000 including 80 replacement computers, Lompoc Valley Center (LVC) Public Address (PA) System, Data Center Disk System, podiums for new LVC and Santa Maria classrooms, PCPA Box Office servers, podium computers, Writing Center computers and printer, and Forum lighting and audio visual project.

Committee Member Wolf asked if the old computers are donated, sold or recycled. Ms. Moore explained old computers are sent to Dell for asset recovery. Dell swipes the computers and sends the college checks for the computers that are turned in. She explained other items such as old printers may be sent to auction surplus and older computers that still work may be donated to elementary schools with board approval.

Ms. Moore highlighted the Forum lighting and audio visual project and shared photos. The project is anticipated to be completed by August 11, 2017.

Committee Member Huggins inquired about the doors in the Forum noting they slam shut and can be disruptive during class when someone enters or exits. Mr. Hernandez will contact the plant services director about the door repair.

5.c. Facilities - Summary Report for the period of January 1-June 30, 2016

Mr. Hernandez provided a facilities update for the committee. He reminded the committee that the shooting range at the Public Safety Complex has not been used for over a year and a half. He explained that when the baffles were constructed, they were initially approved by the Division of State Architect (DSA), but there were some problems and DSA pulled the plans back to redesign. It has taken time to get the redesign approved, and the work has been done in phases. Phase CCD24 has recently been completed by DSA and replaces the big steel frame, the largest piece of the baffle system.

Committee Member Richardson inquired about DSA's qualifications to design the shooting range. Mr. Hernandez clarified DSA did not design the system. A general contractor hired a subcontractor who is responsible for the design of the baffle system. Originally, DSA did not realize the shooting range was an outdoor facility when they approved the design. Mr. Hernandez shared photos of some of the work taking place and noted they are about 40 percent done.

Mr. Hernandez explained that unfortunately, cadets are not able to use our shooting range. There was discussion about other shooting facilities available in the area that cadets can use and the process of working with DSA on the correction for this outdoor facility. Dr. Walthers commended Mr. Hernandez for working with the DSA regional manager on this. Mr. Hernandez added he is also meeting weekly with the contractors.

Mr. Hernandez reported that the last phase of the industrial technology/physical education and athletic fields project is the concession stand/restroom project. The project has gone to bid twice and the bids received were high and over budget. Mr. Hernandez noted that the California construction market is experiencing inflation.

Mr. Hernandez moved on to the Fine Arts Complex project and provided a recap of the state bond matching funds opportunity. He shared that the college is on the spending list and subject to the November bond. If the bond passes, the funding fiscal year would be 2017-18. The funds from the state could be reallocated to other projects or be a cushion to help with construction inflation costs.

There was discussion about the bidding and planning process for the Fine Arts Complex project. Mr. Black reiterated he is looking at different financing mechanisms to leverage the state funding if the bond passes in November. Committee Member Richardson asked additional questions about the financing options. Dr. Walthers and Mr. Black replied to questions with explanation of Certificates of Participation, bond refinancing, and bridge financing options. Discussion continued about the project cost. Dr. Walthers added there is also the donation from Patty Boyd to fund the recital hall in the Fine Arts Complex.

6. Committee Members' Comments

Committee Member Richardson suggested selecting an interim chair of the committee to serve between November 2016 and February 2017 in case any committee business needs to be conducted. Dr. Walthers confirmed a committee chair would not be needed during the interim period. A selection for chair and vice chair will be made at the first meeting in 2017.

Committee Member Rafferty thanked Mr. Hilker for attending the meeting.

7. Adjournment

On a motion by Hugh Rafferty, seconded by David Richardson, the meeting was adjourned at 4:48 p.m.

(Ayes: Huggins, Manning, Nissinen-Harlow, Rafferty, Richardson, Shea, Wolf; Noes: None; Absent: Thompson)

2016 Annual Report

to the Board of Trustees

Bond Measure I
Citizens' Oversight Committee

Presented May 9, 2017



2016 Citizens' Oversight Committee members

Michael Huggins
Aloysia Shea
Student Representatives

Robert Manning
Support Organization

Lisa Nissinen-Harlow
Community at-large

Hugh Rafferty
Taxpayers Association

David Richardson
Business Organization

Bill Thompson
Senior Organization

Kenneth Wolf
Community at-large

DISTRICT STAFF

Kevin G. Walthers, Ph.D.
Superintendent/President

Michael Black
Associate Superintendent
Vice President, Finance &
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Felix Hernandez Jr.
Vice President, Operations

Melinda Martinez
Executive Secretary to the
Superintendent/President

Andrew Masuda
Director, Public Affairs
& Communications

Carol Moore
Director, Information
Technology Services

Cover Image:
Public Safety Training Complex
Fire Tower



Seated left to right: Aloysia Shea, Michael Huggins, Lisa Nissinen-Harlow
Standing left to right: Robert Manning, David Richardson, Hugh Rafferty, Kenneth Wolf,
and Kevin G. Walthers, Ph.D., superintendent/president. Not pictured: Bill Thompson

LETTER FROM THE CHAIR



It has been my honor and privilege to serve as the chair of the Allan Hancock College Measure I Citizens' Oversight Committee for the last two years.

Since it has from the beginning, the committee has continued to be provided detailed information by the college's management and staff concerning the progress and expenditures related to the various projects identified in the 2006 Measure I Bond.

It is the opinion of this committee that based on the oversight activities and the independent financial and performance audits noted herein, the college remains in full compliance with the requirements of article XIII A, Section 1(b) (3) of the Constitution of the State of California.

Our committee trusts you will find the annual report accurate, informative, and comprehensive.

We should all be proud to have an institution like Allan Hancock College in our community. I urge all of you to visit our campuses in Santa Maria and Lompoc, so you can witness firsthand the beautiful facilities that Bond Measure I has created. From catching a football game on campus, purchasing student-made wine, attending a fire academy or law enforcement training graduation at the Public Safety Training Complex, to watching a PCPA production, the face and infrastructure of the college have transformed in ways that will positively serve our community for generations to come.

On a personal note, I completed my four-year term on the committee at the end of 2016. It has been extremely gratifying to have served my community and helped to ensure the college remains in full compliance. I am confident Allan Hancock College will continue to be recognized as one of the top community colleges in the nation.

Very truly yours,

A handwritten signature in black ink that reads "Lisa A. Nissinen-Harlow". The signature is written in a cursive, flowing style.

Lisa A. Nissinen-Harlow
Chairperson
Measure I Citizens' Oversight Committee

Bond Measure I Overview

Northern Santa Barbara County residents voted June 6, 2006, to approve Measure I, the \$180 million general obligation facilities bond to improve Allan Hancock College. Funding from the bond is helping the college modernize technology, upgrade the failing infrastructure of decades-old classrooms and labs, and build new teaching and learning spaces.

Measure I was presented to voters under the provision of Proposition 39, stipulating that at least 55 percent of voters approve a measure for its passage. It passed with 56.9 percent of the vote.

The Citizens' Oversight Committee

As promised to voters and required by law, on August 15, 2006, the Allan Hancock College Board of Trustees adopted Resolution No. 06-35, establishing the Measure I Citizens' Oversight Committee.

The laws governing implementation of the Citizens' Oversight Committee require a minimum of seven members be selected based on criteria established by Proposition 39:

- One active member from the following: a business organization representing the business community located in the district; a senior citizens' organization; a bona-fide taxpayers association; a support organization for the college; and, a student enrolled in a community college support group.
- Two members of the community at-large.

Members of the Citizens' Oversight Committee are appointed for one- or two-year terms and may not serve more than two consecutive terms. Members serve without compensation. Meetings are open to the public and subject to the Brown Act.

Recognition



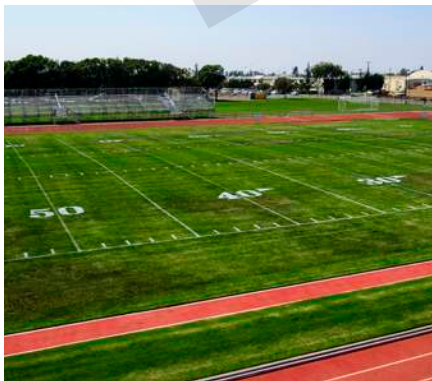
Kenneth Wolf, Kevin G. Walthers, Ph.D., superintendent/president, Lisa Nissenen-Harlow.

The Citizens' Oversight Committee thanks the following committee members for their terms served ending in 2016:

- Lisa Nissinen-Harlow**, four years of service
- Kenneth Wolf**, four years of service



Committee members meeting in August 2016



Athletics Field



Open Access Computer Lab (OACL) in ARC



Fire Academy Demo

Period covered by the report

This report covers the time period of January 1 – December 31, 2016.

Statement of purpose/ responsibilities of the Citizens' Oversight Committee

The Measure I Citizens' Oversight Committee, with members representing the various facets of our communities, serves as the representative of local residents to monitor the expenditures of Measure I funds. The Citizens' Oversight Committee reviews the progress and expenditure reports to ensure that bond proceeds were expended only for the purposes set forth in the Measure I Bond, and reports their findings annually to the Allan Hancock College Board of Trustees via this report.

Report on independent financial and performance audits

The district has received, and the Citizens' Oversight Committee has reviewed, the financial and performance audit for the Measure I Bond Construction Fund for the fiscal year ending June 30, 2016. Vavrinek, Trine, Day & Co., Certified Public Accountants, prepared the report to comply with Proposition 39 accountability within the California Constitution.

Vavrinek, Trine, Day & Co. stated, "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds of the District at 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 States of America." The auditors further noted, "There were no audit findings reported in the prior year's Financial Statement Findings."

Financial compliance confirmation

All expenditures authorized by Measure I have been reviewed by the Citizens' Oversight Committee to ensure the money was spent only on improvements projects as required by Proposition 39. All funds expended from Measure I will be audited annually by an independent accounting firm.

The Citizens' Oversight Committee has reviewed expenditures and projects, and finds the district is in compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and consistent with the district's approved Measure I local bond measure.

Allan Hancock Joint Community College District

General Obligation Bond Expenditure Report

September 1, 2006 – December 31, 2016

Total General Obligation Bond Authorization:	\$180,000,000
Series A Issuance:	\$68,000,000
Series B and B1 Issuance:	\$29,999,556
Series C Issuance:	\$38,860,309
Series D Issuance:	\$8,773,376
General Obligation Bond Balance to be Issued:	\$34,366,759

REVENUE

Series A Issuance:	\$68,000,000
Premium on Sale of Bonds Issuance A:	\$528,271
Series B and B1 Issuance:	\$29,999,556
Premium on Sale of Bonds Issuance B and B1:	\$115,261
Series C Issuance:	\$38,860,309
Premium on Sale of Bonds Issuance C:	\$135,891
Series D Issuance:	\$8,773,376
Premium on Sale of Bonds Issuance D:	\$70,187
Interest:	\$7,253,142
TOTAL AVAILABLE REVENUE:	\$153,735,993

EXPENDITURES (January 1 - December 31, 2016)

Public Safety Complex:	\$491,729
One-Stop Student Services Center:	\$65,530
Industrial Technology Modernization/Addition:	\$15,654
Child Care Center Addition:	\$4,828
Parking Lot One Expansion:	\$282
Forum Lighting - AV Project:	\$109,330
Instructional Equipment Modernization:	\$302,827
Technology Equipment Modernization:	\$427,826
Technology VOIP Equipment:	\$24,326
TOTAL EXPENDITURES 2016:	\$1,442,332
Total Prior Period Expenditures:	\$149,985,974
GRAND TOTAL EXPENDITURES:	\$151,428,306

ENDING BALANCE: \$2,307,687

Measure I Projects Status

Current Capital Construction Projects

Public Safety Training Complex



This project includes construction of: 36,678 sq. ft. academic building; 8,568 sq. ft. six-story fire tower; 12,286 sq. ft. apparatus storage building; a 42,406 sq. ft. shooting range; scenario village; prop house; fitness track; skid pad/slow speed driving skills area; and a one-mile emergency vehicle operations course (EVOC). The project received LEED, a Gold certification.

The Public Safety Training Complex remains partially occupied and has now been the home of four law enforcement and seven fire academy class graduations. It is anticipated that the Law Enforcement Academy shooting range will be available for

district use by the 2017 program year. After installation of the shooting range baffle system the permitting agency, Division of the State Architect (DSA), mandated further DSA plan-check review of the system design. Reconstruction of the baffle system continued through this past reporting period.

The district has identified corrective action in the burn building that needs to take place to ensure safety and maximum utility of the facility. The concrete elevations adjacent to the building require an architectural remedy to provide a level training surface. The district intends to restore the original design interior heat-protective wall tiles in all locations that were not installed originally as part of the value engineering process.

Of the current project budget, a total of 99 percent has been committed thus far.

Architect: MVE Institutional Inc. | **Construction Manager:** Kitchell CEM, Inc. | **Contractor:** Sinanian Development Inc.
Revised Total Project Budget: \$37,930,509 | **2016 Project Expenditures:** \$491,729

Future Capital Construction Projects

Industrial Technology and Physical Education/Athletic Fields, Concession/Restroom Building



The concession/restroom building & vineyard trellis project constructs an approximately 1,130 sq. ft. concession/restroom building. The building contains a concession area, storage, restrooms, and training room. The project will be located adjacent to the softball and baseball fields that were developed as part of the Industrial Technology and Physical Education/Athletic Fields project. The project design also includes a 320 sq. ft. vineyard picnic area wood trellis shade structure funded from donations.

Fine Arts Complex



The Fine Arts Complex is a new 68,000 sq. ft., two-story building that includes visual arts, multi-media and applied design, photography, film and video, dance, music, and shared amenities. The project consolidates all of the fine arts and performing arts (except theatre arts) currently in buildings D (Theatre Arts Center), E (Music), F (Fine Arts), O (Industrial Technology), and S (Community Education), into one Fine Arts Complex.

A Final Project Proposal (FPP) was submitted to the state for the Fine Arts Complex in June 2014. The state's construction bond passed in November 2016. The district is now waiting for matching funds from the state.

Of the current project budget, a total of 13.4 percent has been committed thus far.

Architect: TBD | **Construction Manager:** TBD | **Contractor:** Pending Future Award
Total Project Budget: \$39,198,920

Technology Projects

Technology Equipment Modernization

The Technology Advisory Committee (TAC) recommended 170 technology modernization projects in 2016. The major projects included the following:



- Lompoc Valley Center public address system
- PCPA sound editing station
- Network storage for the data center
- Computers for the Library stacks
- Computers for the Writing Center
- Smart podium for new classroom
- Computers for new faculty
- iPad tablets for library loaner program
- Laptops for science labs
- Computers for Open Access Computer Lab (OACL) in ARC
- Finger Print Scan system
- ASBG computers for the LVC
- Communication system for PCPA
- Communication system for athletics
- Classroom data projectors
- Laptops and software for music classes
- Computers for the Writing Center



Of the project budget, a total of 96 percent has been committed.

Project Manager: Carol Moore, director, Information Technology Services
Nancy Meddings, dean, Academic Affairs

Vendors: Various | **Total Project Budget:** Measure I Funds \$11,066,046
2016 Project Expenditures: \$745,465

SCHEDULED MAINTENANCE

Project Name

Building D Repairs and Upgrades	M300 HVAC Upgrades Phase I
Parking Lot 1 Expansion	Phase I Energy
Copper Cabling Project	Roof Repair and Replacement, Buildings E, F, G & M300
Building C Roof, Paint, and Flooring	Audio Visual, Skills & Science
LVC Chiller Replacement	Underground Fuel/Oil Tank Repair & Replacement
LVC EMS Upgrade & HVAC Repair	Campus Upgrade to VOIP
Pool Resurfacing	Copper Cabling Project
Building N Roof, Phase III	

Scheduled Maintenance Total: \$13,765,466



AHC Pool



Building C

Projects Successfully Completed by Bond Measure I

CAPITAL CONSTRUCTION



Academic Resource Center

Project total: \$3,317,135
Year Completed: 2006



Community Education Building

Project total: \$1,971,485
Year Completed: 2007



Science Building

Project total: \$4,611,072
Year Completed: 2007



Student Services Center

Project total: \$21,295,953
Year Completed: 2013



Childcare Center Addition

Project total: \$8,371,957
Year Completed: 2013



Industrial Technology/ Physical Education and Athletic Fields (Buildings and Fields)

Project total: \$24,730,060
Year Completed: 2014

The Citizens' Oversight Committee met on March 1, 2016 and August 3, 2016.

Measure I online

The agendas, minutes, and all reports for Measure I Citizens' Oversight Committee meetings are posted on the college's website. To learn more about Measure I, including news articles and information materials, go to www.hancockcollege.edu and click the orange "Bond Measure I" link on the Allan Hancock College home page (www.hancockcollege.edu/measurei).

Measure I Citizens' Oversight Committee contact information

To contact Allan Hancock College regarding Bond Measure I, or members of the Citizens' Oversight Committee, please write, call, or email:

Melinda Martinez, executive secretary
to the superintendent/president

800 South College Drive
Santa Maria, CA 93454-6399
Ph: (805) 922-6966 ext. 3454
melinda.martinez1@hancockcollege.edu

2016 Allan Hancock Joint Community College District Board of Trustees

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Kevin G. Walthers, Ph.D.

Superintendent/President



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Annual Report

Editors:
Melinda Martinez
Andrew Masuda

Design & Printing:
Matt MacPherson
Allan Hancock College
Campus Graphics

MEASURE I
CITIZENS' OVERSIGHT COMMITTEE MEETING
APRIL 10, 2017

FINANCIAL REPORT

Bond Income and Expenditure Summary
Income Statement
Projects List
Project Expenditure Summary
Cash Flow Report



Administrative Services

Bond Income and Expenditure Summary

The first series of general obligation bonds was issued in September 2006 in the amount of \$68,000,000. The bonds were sold at a premium (an amount in excess of face value) and generated a total of \$68,528,271. The premium amount was designed to cover the cost of issuance with any remaining amount to be paid to the county treasurer for repayment of outstanding bonds. Costs of issuance totaled \$ 500,544 and \$27,727 has been paid to the county treasurer leaving \$68,000,000 available for approved bond projects.

The second series of general obligation bonds was issued in October 2009 for a total of \$30,114,817. The cost of issuance totaled \$115,003 leaving \$29,999,814 available for approved bond projects.

The third series of general obligation bonds was issued in September 2012 for a total of \$38,996,200. The cost of issuance totaled \$135,891 leaving \$38,860,309 available for approved bond projects.

The fourth series of general obligation bonds was issued in December 2013 for a total of \$8,843,563. The cost of issuance totaled \$221,187 leaving \$8,622,376 available for approved bond projects.

As of December 31, 2016, interest income in the amount of \$7,253,141 had been received.

The following summary reflects projected Series A, Series B and B1, Series C, and Series D bond proceeds available for projects:

Sale of Series A bonds	\$ 68,528,271
Sales of Series B and B1 bonds	\$ 30,114,817
Sales of Series C bonds	\$ 38,996,200
Sales of Series D bonds	\$ 8,843,563
Interest Income: 2006-07 through 2015-16	\$ 7,242,866
2016-17 est.	<u>\$ 25,000</u>
Total	\$153,750,717
Less: Cost of Issuance	<u>\$ 871,815</u>
Proceeds Projected for Bond Projects	<u>\$152,878,902</u>

As of December 31, 2016, \$151,428,306 has been spent on bond-related projects (including cost of issuance).

The following summary reflects major categories of expenditures:

Cost of Issuance	\$ 871,815
COP Repayment	\$ 8,275,496
Project Management	\$ 3,300,797
Construction Projects	
Public Safety Complex	\$38,217,399
Skills Center	\$ 1,971,485
Science Building	\$ 4,611,072
One-Stop Center	\$21,295,953
Industrial Tech Building	\$24,730,060
Child Care Addition	\$ 8,371,957
Facilities/Utilities Master Plan	\$ 634,231
Fine Arts Complex	\$ 4,180,800
Physical Education Addition	\$ 349,445
Theater Arts Project	<u>\$ 305,049</u>
Total Construction	\$104,667,451
Scheduled Maintenance	\$ 13,914,291
Technology	<u>\$ 20,398,456</u>
Total	<u>\$151,428,306</u>

Allan Hancock College Governmental Funds Group

Gen Oblig Bonds Building Fund

Income Statement by Fund

For Period Ending 12/31/2016

	<u>Budget</u>	<u>Actual</u>	<u>% Budget</u>
REVENUES			
Local Revenues	25,000	10,276	41.10
Total REVENUES	<u>25,000</u>	<u>10,276</u>	<u>41.10</u>
EXPENDITURES			
Supplies and Materials	5,344	2,098	39.26
Other Operating Expenses	167,068	122,212	73.15
Capital Outlay	1,533,064	528,101	34.44
Total EXPENDITURES	<u>1,705,477</u>	<u>652,412</u>	<u>38.25</u>
Excess of Revenues over (Under) Expenditures	(1,680,477)	(642,136)	
 Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	<u>(1,680,477)</u>	<u>(642,136)</u>	
 FUND BALANCE:			
Fund balance, July 1	2,949,823	2,949,824	
 Current balance	<u>1,269,345</u>	<u>2,307,687</u>	

ALLAN HANCOCK COLLEGE
GENERAL OBLIGATION BONDS ELECTION OF 2006, SERIES A, B, C, AND D
PROJECT LIST
PROJECTED EXPENDITURES 2006-07 THROUGH 2016-17

Beginning Balance	\$88,000,000.00				\$180,000,000
Projected Interest Revenue	\$7,267,866.12				\$7,267,866
Premium on Sale of Bonds	\$528,271.00				\$528,271
Series B Issuance	\$29,999,814.00				\$0
Premium on Sale of Bonds	\$115,003.00				\$115,003
Series C Issuance	\$38,860,309.00				\$0
Premium on Sale of Bonds	\$135,891.00				\$135,891
Series D Issuance	\$6,773,376.00				\$0
Premium on Sale of Bonds	\$70,187.00				\$70,187
	Eleven Year Project Total	Ten Year Actual	Proposed 2016-17	Future Years Budget	Project Grand Total
1. Cost of Issuance	871,815	871,815	0	0	871,815
Subtotal Cost of Issuance	871,815	871,815	0	0	871,815
2. COP Refinance (Repayment)					
a. Student Center	4,958,361	4,958,361	0	0	4,958,361
b. Library Media/Technology Center	3,317,135	3,317,135	0	0	3,317,135
Subtotal COP Refinance	8,275,496	8,275,496	0	0	8,275,496
3. Project Augmentation – State Match					
a. Science/Health Occupations	4,611,073	4,611,073	0	0	4,611,073
b. Skills Center	1,971,485	1,971,485	0	0	1,971,485
4. Construction Projects					
a. One Stop Student Center Complex Addition (Preliminary Plans, Working Drawings, & Construction Funding)	21,255,647	21,255,647	0	0	20,560,907
b. Public Safety Complex (Preliminary Plans, Working Drawings, & Construction Funding)	38,115,610	38,049,434	66,176	0	37,930,509
c. Childcare Center (Preliminary Plans, Working Drawings, & Construction Funding)	8,388,598	8,371,957	14,841	0	8,386,598
d. Industrial Technologies Modernization and Addition (Initial Project Proposal and Final Project Proposal)	25,053,520	24,729,802	323,718	0	25,053,520
e. Physical Education Addition	352,445	349,445	3,000	3	352,448
f. Fine Arts Complex	4,441,757	4,180,798	260,959	34,757,161	39,198,918
g. Theater Arts Project	362,247	305,049	57,198	944,436	1,306,683
5. Facilities and Utilities Master Plan	634,231	634,231	0	0	634,231
Subtotal Project Augmentation/Construction	105,184,614	104,456,922	725,692	35,701,600	140,006,372
6. Scheduled Maintenance Projects	13,918,008	13,823,421	94,587	448	13,918,456
Subtotal Scheduled Maintenance	13,918,008	13,823,421	94,587	448	13,918,456
7. Mainframe Replacement	8,115,513	8,115,513	0	0	8,115,513
8. Technology/Instructional Equipment Modernization	10,957,446	10,072,989	884,457	0	10,957,446
9. VOIP Project	1,456,327	1,456,327	0	0	1,456,327
10. Technology General	400,614	400,614	0	0	400,614
Subtotal Technology	20,929,900	20,045,443	884,457	0	20,929,900
10. Project Management	3,301,539	3,300,797	742	0	3,301,539
Subtotal Project Management	3,301,539	3,300,797	742	0	3,301,539
TOTAL BUDGET	152,481,371	150,775,894	1,705,478	35,702,048	187,303,578
FUND BALANCE	1,269,346				813,640
GRAND TOTAL	\$153,750,717				\$188,117,218

GENERAL OBLIGATION BOND FINANCIAL REPORT
12/31/2016

	2016-17 ADOPTED BUDGET	2016-17 WORKING BUDGET	2016-17 ACTUAL TOTAL	2016-17 ENCUMBRANCE TOTAL	2016-17 BALANCE
GO BOND/GENERAL					
7170002 GO Bond Project Management					
Operating Expenses and Service	742	742	-	-	742
TOTAL GO Bond Project Management	742	742	-	-	742
TOTAL GO BOND/GENERAL	742	742	-	-	742
GO BOND/CONSTRUCTION					
7171005 Public Sfty Cmplx-Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	46,634	46,634	10,125	23,662	12,848
Capital Outlay	19,501	19,501	55,433	63,074	(99,006)
TOTAL Public Sfty Cmplx-Construction	66,135	66,135	65,558	86,736	(86,159)
7171006 Public Sfty Cmplx-Equipment					
Books, Supplies and Materials	41	41	-	-	41
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL Public Sfty Cmplx-Equipment	41	41	-	-	41
71710046 Public Sfty Cmplx-Post Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	85,797	166,285	(252,082)
Capital Outlay	-	-	16,609	12,891	(29,500)
TOTAL Public Sfty Cmplx-Post Construction	-	-	102,407	179,175	(281,582)
TOTAL Public Safety Complex	66,176	66,176	167,965	265,911	(367,700)
71710017 One-Stop Std Svc Ctr Addtn Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	311	(311)
Capital Outlay	-	-	-	-	-
TOTAL One-Stop Std Svc Ctr Add Construction	-	-	-	311	(311)
71710117 One-Stop Std Svc Ctr Post Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	18,583	51,265	(69,848)
Capital Outlay	-	-	-	-	-
TOTAL One-Stop Std Svc Ctr Post Construction	-	-	18,583	51,265	(69,848)
71710018 One-Stop Std Svc Ctr Addtn Equipment					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	-	-	1,376	-	(1,376)
TOTAL One-Stop Std Svc Ctr Addtn Equipment	-	-	1,376	-	(1,376)
71711017 One-Stop Std Svcs Bldg A Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	6,305	(6,305)
Capital Outlay	-	-	20,348	8,038	(28,386)
TOTAL One-Stop Std Svcs Bldg A Construction	-	-	20,348	14,343	(34,691)
71711917 One-Stop Std Svcs Bldg A Construction BAB					
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	-	-	-	69,454	(69,454)
TOTAL One-Stop Std Svcs Bldg A Construction BAB	-	-	-	69,454	(69,454)
TOTAL One-Stop Student Services Center	0	0	40,306	135,373	(175,679)
	-	-	40,306	135,373	(175,679)

GENERAL OBLIGATION BOND FINANCIAL REPORT
12/31/2016

	2016-17 ADOPTED BUDGET	2016-17 WORKING BUDGET	2016-17 ACTUAL TOTAL	2016-17 ENCUMBRANCE TOTAL	2016-17 BALANCE
71710022 Indstr Tech Mdr/Add-Working Drawings					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>3,803</u>	<u>3,803</u>	-	-	<u>3,803</u>
TOTAL Indstr Tech Mdr/Add-Working Drawings	3,803	3,803	-	-	3,803
71710023 Indstr Tech Mdr/Add-Construction					
Books, Supplies and Materials	111	111	-	-	111
Operating Expenses and Service	9,673	9,673	258	7,661	1,755
Capital Outlay	<u>307,514</u>	<u>307,514</u>	-	<u>28,686</u>	<u>278,828</u>
TOTAL Indstr Tech Mdr/Add-Construction	317,298	317,298	258	36,347	280,693
71710024 Indstr Tech Mdr/Add-Equipment					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>2,617</u>	<u>2,617</u>	-	-	<u>2,617</u>
TOTAL Indstr Tech Mdr/Add-Equipment	2,617	2,617	-	-	2,617
TOTAL Industrial Tech Modernization	323,718	323,718	258	36,347	287,113
71710029 Child Care Ctr Addt/Wrk Drawings					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>3</u>	<u>3</u>	-	-	<u>3</u>
TOTAL Child Care Ctr Addt/Wrk Drawings	3	3	-	-	3
71710030 Child Care Ctr Addt/Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	3,683	3,683	-	-	3,683
Capital Outlay	<u>10,955</u>	<u>10,955</u>	-	-	<u>10,955</u>
TOTAL Child Care Ctr Addt/Construction	14,638	14,638	-	-	14,638
TOTAL Child Care Center Addition	14,641	14,641	-	-	14,641
71710034 Fine Arts Complex-Working Drawings					
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>260,959</u>	<u>260,959</u>	-	-	<u>260,959</u>
TOTAL Fine Arts Complex-Working Drawings	260,959	260,959	-	-	260,959
TOTAL Fine Arts Complex	260,959	260,959	-	-	260,959
71710039 Theater Arts Project - Working Drawings					
Operating Expenses and Service	4,004	4,004	-	-	4,004
Capital Outlay	<u>22,179</u>	<u>22,179</u>	-	-	<u>22,179</u>
TOTAL Theater Arts Project - Working Drawings	26,183	26,183	-	-	26,183
71710041 Theater Arts Prj - Equip Phs					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>31,015</u>	<u>31,015</u>	-	-	<u>31,015</u>
TOTAL Theater Arts Project - Equipment Phase	31,015	31,015	-	-	31,015
TOTAL Theater Arts Project	57,198	57,198	-	-	57,198
71710043 Phys Ed Addt-Preliminary Plans					
Operating Expenses and Service	-	-	-	-	-
Capital Outlay	<u>3,000</u>	<u>3,000</u>	-	-	<u>3,000</u>
TOTAL Phys Ed Addt - Preliminary Plans	3,000	3,000	-	-	3,000
TOTAL Physical Education Addition	3,000	3,000	-	-	3,000
TOTAL GO BOND/CONSTRUCTION	725,692	725,692	208,529	437,631	79,532

GENERAL OBLIGATION BOND FINANCIAL REPORT

12/31/2016

	2016-17 ADOPTED BUDGET	2016-17 WORKING BUDGET	2016-17 ACTUAL TOTAL	2016-17 ENCUMBRANCE TOTAL	2016-17 BALANCE
GO BOND/SCHEDULED MAINTENANCE					
71720008 Fire Alarm/Emr Call Sys-WD					
Capital Outlay	182	182	-	-	182
TOTAL Fire Alarm/Emr Call Sys-WD	182	182	-	-	182
TOTAL Fire Alarm Call System	182	182	-	-	182
71720910 LVC Roof/ADA Upgrades-Wrk Drw B1					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	782	782	-	-	782
Capital Outlay	2,500	2,500	-	-	2,500
TOTAL LVC Roof/ADA Upgrades-Wrk Drw B1	3,282	3,282	-	-	3,282
TOTAL LVC Roof/ADA Upgrades	3,282	3,282	-	-	3,282
71720018 Bldg D Roof/HVAC/ADA-Wrk Drwg					
Capital Outlay	983	983	-	-	983
TOTAL Bldg D Roof/HVAC/ADA-Wrk Drwg	983	983	-	-	983
TOTAL Bldg D Roof/HVAC/ADA	983	983	-	-	983
71720021 Parking Lot 1 Expn, Phase II Construction					
Books, Supplies and Materials	-	-	-	-	-
Operating Expenses and Service	282	-	-	-	-
Capital Outlay	-	282	282	-	-
TOTAL Parking Lot 1 Expn, Phase II Construction	282	282	282	-	-
TOTAL Parking Lot 1 Expn, Phase II	282	282	282	-	-
720060 Forum Lighting and AV					
Capital Outlay	89,858	89,858	90,588	-	(730)
TOTAL Forum Lighting and AV	89,858	89,858	90,588	-	(730)
TOTAL GO BOND/SCHEDULED MAINTENANCE	94,587	94,587	90,870	-	3,717
GO BOND/TECHNOLOGY					
71730002 GO Bond-Inst Equip Modernization					
Books, Supplies and Materials	1,632	1,632	2,099	-	(467)
Operating Expenses and Service	26,721	26,721	3,000	-	23,721
Capital Outlay	451,270	451,270	151,067	10,368	289,834
TOTAL GO Bond-Inst Equip Modernization	479,623	479,623	156,166	10,368	313,089
71730003 GO Bond-Tech Equipment Modernization					
Books, Supplies and Materials	3,561	3,561	-	-	3,561
Operating Expenses and Service	74,828	74,828	4,450	-	70,378
Capital Outlay	326,444	326,444	192,398	30,228	103,819
TOTAL GO Bond-Tech Equipment Modernization	404,834	404,834	196,848	30,228	177,758
TOTAL GO BOND/TECHNOLOGY	884,456	884,456	353,013	40,596	490,847
GO BOND CONTINGENCY					
71799999 GO Bond Contingency					
Capital Outlay	-	-	-	-	-
Other Outgo	1,269,346	1,269,346	-	-	1,269,346
TOTAL GO BOND CONTINGENCY	1,269,346	1,269,346	-	-	1,269,346
GRAND TOTAL	2,974,824	2,974,824	652,413	478,227	1,844,184

AHC GL8060

**General Obligation Bond Building Fund
Cash Flow Report**

Quarter Ending:	Prior Quarters	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	6/30/2015	12/31/2015	6/30/2016	12/31/2016	Total
Income															
Bond Proceeds	137,639,288					8,843,564								0	146,482,852
Interest	6,935,042	46,199	41,587	43,820	30,511	24,754	20,345	17,541	15,644	11,112	16,229	16,487	23,593	10,276	7,253,141
	144,574,330	46,199	41,587	43,820	30,511	8,868,318	20,345	17,541	15,644	11,112	16,229	16,487	23,593	10,276	153,735,993
Expenditures															
Fiscal Services		664,274	-9,109	-130,000		224,403	-1,753		3,333	2,182	-5,515	0	0	0	871,815
Cost of Issuance	8,275,496														8,275,496
COP Repayment	4,822,920	3,722	534	-1,535,292				193	3,909	2,361	2,450	0	0	0	3,300,797
Bond Project Management	41,921,778	7,413,447	9,626,270	19,024,977	3,430,823	7,280,394	6,320,285	4,139,102	3,725,223	180,781	628,983	397,648	350,244	227,495	104,667,450
Construction	8,249,250	47,711	473,419	3,249,711	931,960	574,620	19,099	174,917	19,623	12,578	46,137	5,654	0	109,612	13,914,291
Scheduled Maintenance	15,909,100	233,003	651,895	499,383	103,402	289,621	179,742	465,388	135,544	250,591	596,726	353,083	376,715	354,263	20,398,456
Technology		79,842,818	10,743,009	21,108,779	4,466,185	8,369,038	6,517,373	4,779,600	3,887,632	448,493	1,268,781	756,385	726,959	691,370	151,428,306
	64,731,512	-7,775,684	-10,701,422	-21,064,959	-4,435,674	499,280	-6,497,028	-4,762,059	-3,871,988	-437,382	-1,252,552	-739,898	-703,366	-681,094	2,307,688
Net Cash															
	64,731,512	56,955,828	46,254,406	25,189,447	20,753,773	21,253,053	14,756,025	9,993,966	6,121,979	5,684,598	4,432,046	3,692,148	2,988,782	2,307,688	

ALLAN HANCOCK
JOINT COMMUNITY COLLEGE DISTRICT

MEASURE I GENERAL OBLIGATION BONDS
FINANCIAL AND PERFORMANCE AUDITS

JUNE 30, 2016

ALLAN HANCOCK
JOINT COMMUNITY COLLEGE DISTRICT

MEASURE I GENERAL OBLIGATION BONDS
FINANCIAL AUDIT

JUNE 30, 2016

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT
TABLE OF CONTENTS
JUNE 30, 2016**

FINANCIAL SECTION

Independent Auditor's Report	2
Measure I General Obligation Bonds	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings	17
Summary Schedule of Prior Audit Findings	18

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizens Oversight Committee
Allan Hancock Joint Community College District
Santa Maria, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Allan Hancock Joint Community College District's (the District), Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I General Obligation Bond Funds (Measure I) of the District at 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 States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds (Measure I), and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, on our consideration of the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 9, 2016

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**BALANCE SHEET
JUNE 30, 2016**

ASSETS

Investments	\$ 6,160,922
Accounts receivable	9,332
Total Assets	<u>\$ 6,170,254</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 3,220,430</u>
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FUND BALANCE

Restricted for capital projects	<u>2,949,824</u>
Total Liabilities and Fund Balance	<u>\$ 6,170,254</u>

The accompanying notes are an integral part of these financial statements.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

REVENUES

Interest income \$ 31,828

EXPENDITURES

Supplies and materials 15,768
Services and operating expenditures 348,227
Capital outlay 903,457
Total Expenditures 1,267,452

NET CHANGE IN FUND BALANCE (1,235,624)
FUND BALANCE - BEGINNING OF YEAR 4,185,448
FUND BALANCE - END OF YEAR \$ 2,949,824

The accompanying notes are an integral part of these financial statements.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Allan Hancock Joint Community College District's (the District) Measure I General Obligation Bond Funds (Measure I) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting Entity

The financial statements include only the Measure I General Obligation Bond Funds (Measure I) of the District used to account for Measure I projects. This Fund was established to account for the expenditures of general obligation bonds issued under Measure I. These financial statements are not intended to present fairly the financial position and changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure I General Obligation Bond Funds (Measure I) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure I General Obligation Bond Funds (Measure I) is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance - Measure I General Obligation Bonds (Measure I)

As of June 30, 2016, the fund balance is classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State: U.S. Treasury instrument; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreement; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security, and collateralized mortgage obligations.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Santa Barbara County Investment Pool. The District maintains an investment of \$6,160,922 with the Santa Barbara County Investment Pool, with an average maturity of 419 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Santa Barbara County Investment Pool is not required to be rated, nor has been rated as of June 30, 2016.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Barbara County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

The District's fair value measurements are as follows at June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Santa Barbara County Investment Pool	<u>\$ 6,177,751</u>	<u>\$ 6,177,751</u>

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consisted of the following:

Interest	<u>\$ 9,332</u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consisted of the following:

Capital outlay	<u>\$ 3,220,430</u>
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NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects	<u>\$ 2,949,824</u>
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**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2016, the Measure I General Obligation Bonds (Measure I) had the following commitments with respect to unfinished projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Public Safety Complex	\$ 347,324	2016-2017
Inner City Grid Expansion	47,573	2016-2017
Industrial Tech Modernization	36,564	2016-2017
Building N Boiler Replacement	2,752	2016-2017
Forum Lighting	90,588	2016-2017
H-M Roof Replace/Install Gutter	11,033	2016-2017
Well Water Irrigation Conv. Phase II	24,500	2016-2017
	<u>\$ 560,334</u>	2016-2017

The projects are funded through a combination of general obligation bonds and capital project apportionments from the State Chancellor's Office.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Measure I General Obligation Bond Funds (Measure I) at June 30, 2016.

INDEPENDENT AUDITOR'S REPORT



**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***

Governing Board and
Citizens Oversight Committee
Allan Hancock Joint Community College District
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Allan Hancock Joint Community College District (the District) Measure I General Obligation Bond Funds (Measure I), as of and for the year ended June 30, 2016, and the related notes of the financial statements, and have issued our report thereon dated December 9, 2016.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I General Obligation Bond Funds specific to Measure I, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure I General Obligation Bond Funds (Measure I) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure I General Obligation Bond Funds (Measure I) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Measure I General Obligation Bond Funds (Measure I) financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure I General Obligation Bond Funds (Measure I) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Measure I General Obligation Bond Funds (Measure I) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure I General Obligation Bond Funds (Measure I) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
December 9, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2016**

None reported.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

There were no audit findings reported in the prior year's Financial Statement Findings.

ALLAN HANCOCK
JOINT COMMUNITY COLLEGE DISTRICT

MEASURE I GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

JUNE 30, 2016

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**PERFORMANCE AUDIT
TABLE OF CONTENTS
JUNE 30, 2016**

Independent Auditor's Report on Performance	1
Authority for Issuance	2
Purpose of Issuance	2
Authority for the Audit	2
Objectives of the Audit	3
Scope of the Audit	3
Procedures Performed	3
Conclusion	4
Schedule of Findings and Questioned Costs	5
Summary Schedule of Prior Audit Findings	6



INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and
Citizens Oversight Committee
Allan Hancock Joint Community College District
Santa Maria, California


We were engaged to conduct a performance audit of the Allan Hancock Joint Community College District's (the District) Measure I General Obligation Bond Funds (Measure I) for the year ended June 30, 2016.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal controls in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure I General Obligation Bond Funds (Measure I) only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.


Rancho Cucamonga, California
December 9, 2016

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

JUNE 30, 2016

AUTHORITY FOR ISSUANCE

The general obligation bonds associated with Measure I were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on June 6, 2006 (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on August 15, 2006.

The District received authorization from an election held on June 6, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$180,000,000 to finance the acquisition, construction, modernization, and renovation of District facilities, and to pay the cost of issuance associated with the Bonds approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization). The bonds represent the first, second, third, and fourth series of the authorized bonds to be issued under the 2006 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2006 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the financing of the construction and modernization of certain District property and facilities, the acquisition of equipment and to pay the costs of issuance associated with the Bonds. The proceeds from the Bonds are to be used for projects such as modernization of college technology, upgrading and modernization of college infrastructure, including classrooms and labs, and building new teaching and learning spaces. All projects to be funded under the Measure I General Obligation Bonds must be included in the Board of Trustees' approved Facilities Master Plan, which details the scope of work to be done for each project.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT MEASURE I GENERAL OBLIGATION BONDS

JUNE 30, 2016

3. Requires the community college district to appoint a citizen's oversight committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Measure I General Obligation Bond Funds have been made in accordance with the bond project list approved by the voters through the approval of Measure I.
2. Determine whether salary transactions, charged to the Measure I General Obligation Bond Funds were in support of Measure I and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2015 to June 30, 2016. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2016, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period July 1 2015 through June 30, 2016, for the Measure I General Obligation Bond Funds (Measure I). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure I as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2015 and ending June 30, 2016, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$431,632. This represents 34 percent of the total expenditures of \$1,267,452.
3. Based on our testing, we verified that funds from the Measure I General Obligation Bond Funds (Measure I) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

JUNE 30, 2016

CONCLUSION

The results of our tests indicated that, in all significant respects, the Allan Hancock Joint Community College District has properly accounted for the expenditures held in the Measure I General Obligation Bond Funds (Measure I) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure I General Obligation Bond Funds for District general administration or operations.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

None reported.

**ALLAN HANCOCK JOINT COMMUNITY COLLEGE DISTRICT
MEASURE I GENERAL OBLIGATION BONDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.