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**GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND FUND
GENERAL OBLIGATION BONDS**

**FINANCIAL AND PERFORMANCE
AUDIT REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
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June 30, 2021**

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**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Introduction and Citizens Bond Oversight Committee
June 30, 2021**

On November 6, 2012 the Grossmont-Cuyamaca Community College District was successful in obtaining authorization from District voters to issue up to \$398,000,000 in General Obligation Bonds pursuant to a 55% vote in a Bond election under Proposition V. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual independent financial audit of the proceeds from the sale of bonds until all proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Citizens' Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The CBOC was comprised of the following members as of June 30, 2021:

Members	Representing	Sub-Committee
Vincent Kugener	Business Organization	Audit
Glen Sparrow	Taxpayers Association	Audit
Alba Orr	Senior Citizen's Organization	Audit
Bill Garrett	Grossmont-Cuyamaca College Foundation	Communication
Maryam Rammahi	Cuyamaca College Student	Communication
Aundrea Kaiser	Grossmont College Student	Communication
Odie Goward	Finance/Accounting	Audit
Dave Gauthier	San Diego Building & Construction Trades Council	Construction
Leonard Pinson	Construction-Related Field	Construction
Karmin Noar	College Advisory Committee	Construction
Paul E. Schroeder	Construction-Related Field	Communication



INDEPENDENT AUDITORS' REPORT

Governing Board Members and
Proposition V Citizens' Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition V bond building fund of Grossmont-Cuyamaca Community College District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Proposition V bond building fund's basic 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 statements 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 from 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (continued)

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

As discussed in Note 1, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Proposition V bond building fund's general obligation bonds as issued by the District, through the County of San Diego, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition V bond building fund of Grossmont-Cuyamaca Community College District as of June 30, 2021 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022 on our consideration of the Proposition V bond building fund's 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 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 Proposition V bond building fund's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated January 25, 2022 on our consideration of the Proposition V bond building fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Proposition V bond building fund for the fiscal year ended June 30, 2021 should be considered in assessing the results of our financial audit.



San Diego, California
January 25, 2022

FINANCIAL SECTION

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Balance Sheet
June 30, 2021**

ASSETS	
Cash in county treasury	\$ 142,442,741
Accounts receivable	133,223
Due from other funds	<u>697,350</u>
Total Assets	<u>143,273,314</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>6,509,786</u>
Total Liabilities	<u>6,509,786</u>
Fund Balance	
Restricted for capital projects	<u>136,763,528</u>
Total Liabilities and Fund Balance	<u>\$ 143,273,314</u>

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2021**

REVENUES	
Interest and investment income	\$ 625,899
Total Revenues	<u>625,899</u>
EXPENDITURES	
Supplies	116,654
Other services	9,731,599
Capital outlay	<u>19,568,192</u>
Total Expenditures	<u>29,416,445</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,790,546)
OTHER FINANCING SOURCES	
Proceeds from long-term debt	100,000,000
Other financing uses	<u>(292,261)</u>
Total Other Financing Sources	<u>99,707,739</u>
Net Change in Fund Balance	70,917,193
Restricted Fund Balance, July 1, 2020	<u>65,846,335</u>
Restricted Fund Balance, June 30, 2021	<u>\$ 136,763,528</u>

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

Financial Reporting Entity

These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Proposition V Bond Building Fund is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). Cash in the county treasury is recorded at cost, which approximates fair value.

Fund Structure

The Statement of Revenues, Expenditures and Changes in Fund Balance is a statement of financial activities of the Proposition V Bond Building Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the Proposition V Bond Building Fund is therefore classified as restricted.

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Proposition V Bond Building Fund are determined by its measurement focus. The Proposition V Bond Building Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources". Thus, the capital assets and long-term liabilities associated with the Proposition V Bond Building Fund are accounted for in the basic financial statements of the District.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2021 is measured at 100.39% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2021**

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY, continued

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statues and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant’s equity withdrawn is based on the book value, which is amortized cost, of the participant’s percentage participation on the date of such withdrawals.

The pool sponsor’s annual financial report may be obtained from the San Diego County Administration Center, 1600 Pacific Highway, San Diego, CA 92101.

NOTE 3 – BONDED DEBT

As of June 30, 2021, the principal balance outstanding on the District’s Proposition V bonded debt was \$220,160,000.

Name of Issuance	Date of Issuance	Yield Rate	Maturity Date	Original Issue	Balance July 1, 2020	Additions	Redeemed	Balance June 30, 2021
GO Bonds, Series 2013A	8/27/2013	0.26-4.89%	8/1/2043	\$ 80,000,000	\$ 64,435,000	\$ -	\$ 59,725,000	\$ 4,710,000
GO Bonds, Series 2018B	7/17/2018	1.30-3.50%	8/1/2047	126,000,000	119,370,000	-	3,920,000	115,450,000
GO Bonds, Series 2021C	6/3/2021	0.99-2.38%	8/1/2050	100,000,000	-	100,000,000	-	100,000,000
				<u>\$ 306,000,000</u>	<u>\$ 183,805,000</u>	<u>\$ 100,000,000</u>	<u>\$ 63,645,000</u>	<u>\$ 220,160,000</u>

Series 2013A General Obligation Bonds

On August 27, 2013, Series 2013A general obligation bonds were issued, which consisted of current interest bonds and term bonds with an initial par amount of \$80,000,000 with stated yield rates of 0.26% to 4.89% and initially maturing through August 1, 2043, maturing August 1, 2023 after refunding.

The annual requirements to amortize all Proposition V Series 2013A general obligation bonds payable outstanding as of June 30, 2021, are as follows:

GO Bonds, Series 2013A

Fiscal Year	Principal	Interest	Total
2022	\$ 1,495,000	\$ 3,245,513	\$ 4,740,513
2023	1,570,000	3,168,888	4,738,888
2024	1,645,000	3,088,513	4,733,513
Total	<u>\$ 4,710,000</u>	<u>\$ 9,502,914</u>	<u>\$ 14,212,914</u>

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2021**

NOTE 3 – GENERAL OBLIGATION BONDS, continued

Series 2018B General Obligation Bonds

On July 17, 2018, Series 2018B general obligation bonds were issued, which consisted of current interest bonds and term bonds with an initial par amount of \$126,000,000 with stated yield rates of 1.30% to 3.50% and maturing through August 1, 2047.

The annual requirements to amortize all Proposition V Series 2018B general obligation bonds payable outstanding as of June 30, 2021, are as follows:

GO Bonds, Series 2018B			
Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 5,296,600	5,296,600
2023	-	5,296,600	5,296,600
2024	-	5,296,600	5,296,600
2025	-	5,296,600	5,296,600
2026	-	5,296,600	5,296,600
2027-2031	205,000	26,477,875	26,682,875
2032-2036	7,665,000	25,717,375	33,382,375
2037-2041	22,855,000	22,027,625	44,882,625
2042-2046	51,655,000	13,428,975	65,083,975
2047-2048	33,070,000	1,350,800	34,420,800
Total	\$ 115,450,000	\$ 115,485,650	\$ 230,935,650

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2021**

NOTE 3 – GENERAL OBLIGATION BONDS, continued

Series 2018C General Obligation Bonds

On June 3, 2021, Series 2018C general obligation bonds were issued, which consisted of current interest bonds and term bonds with an initial par amount of \$100,000,000 with stated yield rates of 0.99% to 2.375% and maturing through August 1, 2050.

The annual requirements to amortize all Proposition V Series 2018C general obligation bonds payable outstanding as of June 30, 2021, are as follows:

GO Bonds, Series 2021C

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ -	-
2023	-	-	-
2024	-	2,511,684	2,511,684
2025	-	2,763,700	2,763,700
2026	-	2,763,700	2,763,700
2027-2031	125,000	13,941,000	14,066,000
2032-2036	2,230,000	15,845,500	18,075,500
2037-2041	5,340,000	18,207,900	23,547,900
2042-2046	12,230,000	23,543,300	35,773,300
2047-2051	80,075,000	86,346,763	166,421,763
Total	\$ 100,000,000	\$ 165,923,547	\$ 265,923,547

NOTE 4 – CONSTRUCTION COMMITMENTS

As of June 30, 2021, the District was committed under various capital expenditure purchase agreements for Proposition V bond projects totaling approximately \$70,606,022.

NOTE 5 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2021 through January 25, 2022, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the Proposition V financial statements.

SUPPLEMENTARY SECTION

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Detail of Project Balance (Unaudited)
June 30, 2021**

SCHEDULE OF DETAIL OF PROJECT BALANCE (UNAUDITED)

	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Grossmont College							
Prop V Start Up Projects	\$ 38,058	\$ 12,813	\$ 5,841	\$ 4,698	\$ -	\$ -	\$ -
Lighting Fixture & Controls Update Y1	110,157	(21,498)	-	-	-	-	-
Lighting & HVAC Upgrades Y2	42,551	145,177	16,637	714	(39,970)	-	-
DW Energy Conservation Y3	-	93,381	515,380	1,695	(22,707)	-	-
A&C Teaching & Performance Theater	716,483	1,822,498	427,251	10,622,941	20,494,915	13,329,443	2,462,042
12 kV Main Serv Replacement	-	467,085	1,152,083	2,805	-	-	-
Science, Math, Career Tech Cmplx	-	308,591	693,859	579,045	7,998,948	6,107,424	4,372,414
Main Chiller Addition	209,460	1,293,868	4,426,128	322,737	-	(874,994)	-
Maintenance Facility-New Bldg	1,674	-	-	5,604	-	-	-
Lib Arts & Bus Tech	-	-	29,660	42,348	8,016	26,062	561,537
Environmental Impact Report - EIR	10,129	7,749	13,586	1,308	-	-	-
Interim Swing Space - Phase 1	-	-	219	1,912,094	388,709	2,462,917	376,471
Infrastructure/Utilities Allocation	484,075	154,507	22,057	27,208	1,312,922	1,030,129	-
GC Prop V Infra-Master Pump	-	-	-	-	88,906	239,433	184,467
Allocation of DW Costs	2,759,023	3,133,946	3,465,522	2,354,899	2,410,842	2,388,362	2,007,887
Total Grossmont College	4,371,610	7,418,117	10,768,223	15,878,096	32,640,581	24,708,776	9,964,818
Cuyamaca College							
Prop V Start Up Projects	63,208	15,346	18,990	(9,610)	-	-	-
Lighting Fixture & Controls Update Y1	171,332	(11,352)	-	-	-	-	-
Lighting & HVAC Upgrades Y2	51,631	308,369	5,733	-	-	-	-
DW Energy Conservation Y3	-	61,171	285,202	(18,771)	-	-	-
DW Energy Conservation Y4	-	-	-	37,798	320,442	95,604	-
Student Serv. & Admin Bldg (Incl Veterans Cntr)	294,386	81,218	40,184	1,193,453	3,371,109	2,931,949	9,342,583
One Stop Interim Improvements	-	26,460	12,075	-	-	-	-
Instructional Building (F)	1,732	-	-	74,200	49,808	21,978	314,846
Ornamental Horticulture Complex/M Remodel	-	90,060	49,889	1,280,562	1,205,639	7,411,329	8,379,708
Chiller Expansion	-	-	36,054	197,696	934,952	6,943,311	649,471
Parking Lot/Roadway Replacement	-	280,071	-	-	-	-	-
Exercise Science Bldg D Renovation	-	110,603	1,295,628	172,520	826,531	82,318	-
Track & Field Enhancements	-	220,219	2,550,235	-	1,330	112,921	81,521
Weight Training Classroom	277,968	112,491	-	-	-	-	-
Building L Remodel	-	-	8,240	990,016	701,744	-	-
Environmental Impact Report - EIR	9,433	37,379	(8,415)	27,449	27,798	-	2,959
Infrastructure/Utilities Allocation	399,467	90,262	11,465	1,416	-	-	-
Upgrade Electric Panel	74,451	490,592	67,568	2,678	-	-	-
CDC Roof Replacement	-	-	39,181	6,900	-	-	-
Central Park	-	-	-	10,261	-	-	-
Building H Expansion	-	-	-	15,382	431,733	1,023,462	-
LRC Roof Top	-	-	-	276,425	(16,600)	-	-
Buildingi F2 Renov & Building A Expansion	-	-	-	-	-	-	112,277
Allocation of DW Costs	1,219,955	1,385,716	1,532,326	1,041,250	1,065,986	1,056,046	860,523
Total Cuyamaca College	2,563,563	3,298,605	5,944,355	5,299,625	8,920,472	19,678,918	19,743,888
District Services							
Prop V Start Up Projects	3,658	1,440	-	-	-	30,264	-
GCCCD DO & Community Center	19,948	5,567	2,864	42,711	-	-	-
District & Auxiliary Modular	-	49,948	372,291	-	-	-	-
Program Management Allocation	-	-	1,495	-	-	-	-
Allocation of DW Costs	248,131	281,847	311,670	211,786	216,817	214,795	-
Total District Services	271,737	338,802	688,320	254,497	216,817	245,059	-
Total Proposition V Expenditures *	\$ 7,206,910	\$ 11,055,524	\$ 17,400,898	\$ 21,432,218	\$ 41,777,870	\$ 44,632,753	\$ 29,708,706

* Includes total expenditures and other financing uses

**OTHER INDEPENDENT
AUDITORS' REPORTS**



INDEPENDENT AUDITORS' 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 Members and
Proposition V Citizens' Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, 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 financial statements of the Proposition V bond building fund, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Proposition V bond building fund's basic financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Proposition V bond building fund's 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 Proposition V bond building fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Proposition V bond building fund's 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Proposition V bond building fund's 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
January 25, 2022



INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board Members and
Proposition V Citizens' Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, California

We were engaged to conduct a performance audit of the Grossmont-Cuyamaca Community College District (the District) Building Fund (Proposition V) for the year ended June 30, 2021.

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 control 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 Building Fund (Proposition V) funds 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.

CWDL, Certified Public Accountants

San Diego, California
January 25, 2022

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Report on Performance
June 30, 2021**

LEGISLATIVE HISTORY

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 real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT PROPOSITION V GENERAL OBLIGATION BONDS

The Grossmont-Cuyamaca Community College District, San Diego County, California Election of 2012 General Obligation Proposition V Bonds were authorized at an election of the registered voters of the Grossmont-Cuyamaca Community College District held on November 6, 2012 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$398,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To prepare local students/veterans for college/career success, shall Grossmont-Cuyamaca Community College District upgrade career training facilities for science, medical, public safety, in-demand fields, create a Veterans Support Center on each campus, modernize technology in classrooms, libraries, science labs, improve disabled persons access, upgrade, construct, acquire classrooms, facilities, sites/equipment, by issuing \$398,000,000 in bonds, at legal rates, with independent citizen oversight, no money for pensions/administrators, and all money staying local, benefiting East County community colleges?"

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Report on Performance
June 30, 2021**

Objectives of the Audit

1. Determine whether expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition V.
2. Determine whether salary transactions charged to the Building Fund were in support of Proposition V and not for District general administration or operations.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. 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, 2021, 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 fiscal year ended June 30, 2021 for the Building Fund (Proposition V). 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 Proposition V 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, 2020 and ending June 30, 2021, 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 \$20,795,104. This represents 70.7 percent of the total expenditures of \$29,416,445.
3. Based on our testing, we verified that funds from the Proposition V General Obligation Bond Fund (Proposition V) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.
4. We examined the program and construction management structure, including staffing and fees. The District has approved an annual Gafcon PM/CM staffing plan, including key metrics such as positions staffed, number of personnel, number of planned projects, and dollar values of planned projects, to help determine organizational structure alignment with the Bond Program's needs.

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Report on Performance
June 30, 2021**

Procedures Performed, continued

5. We examined procurement practices, including selection of contractors and professional services, to verify compliance with district procurement policies and PCC compliance - We reviewed and evaluated bidding and procurement procedures for compliance with District policy and applicable state requirements. We evaluated bid and procurement practices, procedures, and controls for the application of competitive and fair general contracting and subcontracting practices that prevent excessive Bond Program expenditures. We reviewed relevant District policies and requirements, as required per Public Contract Code (PCC), California Uniform Public Construction Cost Accounting Act (CUPCAA), and other relevant State laws and regulations.
6. We performed a review of the facilities master plan, including coordination with the bond program – We noted the 2013 GCCCD Facilities Master Plan, the first phase of which was Board-approved on September 11, 2012. The Facilities Master Plan was a highly integrated process that included several community meetings, focus groups, surveys, campus site and steering committee meetings. Facilities needs assessments were conducted to understand the age and condition of each site and criteria was established including facility safety and structural integrity, capacity/utilization, completion of Long-Range Facilities Master Plan or drawings, Americans with Disabilities Act compliance, technological needs, functionality, eligibility for State funding, and other relevant factors. In addition, we noted that the Board annually authorizes the Chancellor to submit the District’s 5-Year construction plan to the California Community Colleges Chancellors Office. During that authorization the 5-Year plan submitted is reviewed to ensure its congruent with the District’s comprehensive 2013 Facilities Master Plan Refresh and the 2019 Facilities Master Plan update.
7. We performed testing over material specification standards - We reviewed the District’s design standards for standardized items and specifications that meet the District’s needs and provide uniformity amongst facilities and campuses. We considered material and product standards, technology standards, ensuring that clearly identified products and systems were noted, with allowable alternatives and a process for material and product substitutions.
8. We examined the design and construction timeline - The District was able to support/validate select amounts reported within the scheduling report titled GCCCD Level II Summary Schedule. We reviewed methods utilized by the District to track the schedule of available revenues and expenditures for all projects to plan each building project in accordance with the availability of funds.
9. We performed detailed testing over change order procedures including industry benchmarking – We examined change orders to ensure adequate change order reporting and approval was in place, and that end users understand change order impact. The District detail appears to include accurate information, such as itemized change amount, percentages, descriptions, and change responsibility.
10. We reviewed and performed testing over program/project reporting – We examined the District design and construction cash flow schedules, bond program master plan, cost/value engineering analysis, and other relevant district program and project reports.
11. We reviewed project budget and program performance forecasting - We reviewed the established District processes for the development and adherence to design and construction budgets on Bond-funded projects in the facilities construction program to gather and test data in order to determine compliance and measure the effectiveness of controls. Based on our inquiry and review, budgets appear to be in place and adequately approved.

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Report on Performance
June 30, 2021**

Procedures Performed, continued

12. We performed an analysis of the CBOC performance/compliance - We assessed the CBOC's compliance with the Board Policy, CBOC bylaws, and related Education Code sections. We noted no exception on the CBOC's compliance with law, the Committee's bylaws, or related Education Code sections.
13. We examined public outreach and communication efforts - We assessed the effectiveness of the Public Outreach and Communication Plan that addresses external and internal communications. We reviewed the District's activities and methods of communication related to the identification of stakeholders as well as their concerns, influence on the project, and information expectations. Use of District means to reach Bond Program stakeholders were compared to good practices at other college districts. We evaluated the overall transparency of the Bond Program, including but not limited to, the evaluation of the Bond website information and Bond Program progress reports, and the availability and access to information regarding Program status and expenditures. Current, accurate, and complete Bond Program reporting was assessed. Project progress, impact to Bond Program stakeholders, and delivery in accordance with Bond Program requirements were given specific consideration.
14. Additional supplemental procedures included:
 - a. Analysis of best practices and technology regarding planning and construction
 - b. Review payment procedures and processing time - We reviewed sampled invoices and payment applications for compliance with the District's payment process. The District has a step-by-step payment process, included within the policies and procedures. No exceptions were noted.
 - c. Review compliance over prevailing wage and labor compliance
 - d. Review warranty compliance procedures and controls - We assessed the District's practices for maintenance of assets incorporated into campus site construction and reviewed the accuracy and completion of maintenance schedules to warrantied assets available. A warranty contact list furnished to each college provided references to applicable vendor contacts on a per project/spec basis.
 - e. Review value engineer/cost benefit procedures and controls - We assessed the District's processes to determine whether the District's specified requirements for projects, products, materials, and systems could be obtained at a lower price or for a better value, specifically when weighing cost, time, and function.

Conclusion

The results of our tests indicated that, in all significant respects, the Grossmont-Cuyamaca Community College District has properly accounted for the expenditures held in the Building Fund (Proposition V) and that such expenditures were made for authorized Bond projects.

FINDINGS AND RESPONSES SECTION

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2021**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2020-21.

**PROPOSITION V BOND BUILDING FUND
GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021**

There were no financial statement findings or questioned costs identified during 2019-20.