

# Citizens' Bond Oversight Committee



VICENTI ♦ LLOYD ♦ STUTZMAN LLP  
BUSINESS CONSULTANTS AND CPAs

## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
The Measure E Citizens' Bond Oversight Committee  
El Camino Community College District

Chairman  
ROYCE A. STUTZMAN  
  
Partners  
PETER F. SAJJARIAN  
RENÉE S. GRAVELL  
WADE N. McMULLEN  
KARIN HILFMAN NEHRON  
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Principal  
JENI A. WINGER  
  
Senior Managers  
JANETI CANEVA  
CLAUDITH ELIAS DAM  
TIMOTHY D. EVANS  
PRISCILLA OSORIO FLORES  
FRANK M. MCCUTCHEON  
SARAH FROESCHER  
COLLEEN K. TAYLOR

We have examined the El Camino Community College District's compliance with the performance requirements for the Proposition 39/Measure E General Obligation Bonds for the period ended June 30, 2005, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for the El Camino Community College District's compliance with those requirements. Our responsibility is to express an opinion on the El Camino Community College District's compliance with such requirements thereof based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on El Camino Community College District's compliance with specified requirements.

In our opinion, except for the items disclosed in the Schedule of Findings and Recommendations, the El Camino Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2005.

*Vicenti, Lloyd & Stutzman LLP*  
Vicenti, Lloyd & Stutzman LLP

November 20, 2005

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# Citizens' Bond Oversight Committee

EL CAMINO COMMUNITY COLLEGE DISTRICT  
PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE E BOND PROGRAM  
PERFORMANCE AUDIT  
June 30, 2005

## OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the El Camino Community College District Building Fund — Measure E Bond Program.
- Determine whether expenditures charged to the Building Fund — Measure E Bond Program, have been made in accordance with the bond project list approved by the voters through the approval of Measure E in November 2002.
- Note any incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District Board and the Measure E Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution and Proposition 39.

## SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2004 to June 30, 2005. The 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 the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2005 were not reviewed or included within the scope of our audit or in this report.

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**BACKGROUND INFORMATION**

In November, 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In November 2002, a general obligation bond proposition (Measure E) of the El Camino Community College District was approved by the voters of that District. Measure E authorized the District to issue up to \$394,516,464 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District has established a Citizens' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in State law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure E bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1 (b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct, an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Building Fund — Measure E Bond Program have been expended only for the authorized bond projects.

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**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the period of July 1, 2004 to June 30, 2005, for the Building Fund — Measure E Bond Program. Within the period audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Proposition 39 and Measure E as to the bond projects. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure E election documents.
- We selected a sample of expenditures for the period under audit and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We verified that funds from the Building Fund — Measure E Bond Program were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Building Fund — Measure E Bond Program were not used for salaries of school administrators or other operating expenses of the District.

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**CONCLUSION**

Based upon our procedures performed, we found that for the items tested, the El Camino Community College District has properly accounted for the expenditures of the funds held in the Building Fund — Measure E Bond Program and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Building Fund — Measure E Bond Program, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

However, our examination did disclose instances of non-compliance related to the procedural requirements of Proposition 39 and other statutory requirements. These are disclosed in the accompanying Schedule of Findings and Recommendations.

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Finding 05-1- Maintenance of Measure E Website**

**Findings:** In our review of the district website we noted the Citizens' Oversight Committee meeting agendas and minutes are not being consistently and timely posted to the district website. Per Section 15280 of the Education Code committee proceedings shall be a public record and made available on the district website.

**Recommendations:** The district needs to update and maintain the Measure E website in a more conscientious and timely manner.

**District Response:** Agendas and minutes are promptly produced, posted to the internal websites and distributed to committee members and district staff who regularly attend the meetings as support to the committee. The Director of Public Information and Marketing receives the agendas and minutes. She will be advised of this finding and recommendation to update the general website in a more timely manner.

**Finding 05-2 Filing of Annual Economic Disclosure Statements**

**Finding:** Under Government Code Requirements and Board Policy Number 2710, Board members and district administrative officials are required to file annual economic disclosure statements. Our review indicates one board member is not filing the required statement. Filing of these statements is an important element in the statutory structure to safeguard against potential conflicts of interest by district policy makers.

**Recommendation:** The district needs to insure that these statements are filed by all board members and officials designated.

**District Response:** : All Board members are given the economic disclosure statements and advised of the annual filing deadlines

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**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Finding 05-3- Public Advertising of Bids for District Purchases**

**Findings:** In our review of district purchases we noted one instance in which the district inappropriately excluded a purchase from public bids. The district purchased vans from a private vendor without advertising for bids. The rationale provided us was that the price quote from the private vendor would be less than price quotes from a state contract which is not required to be bid when trade-in allowances are factored in and later that the vendor was the sole source for the purchase. However, the Public Contract and Education Code sections on which this is based only allows exclusion from public bids when the purchase is from a state contract.

**Recommendations:** The district should review its rules for excluding purchases over the legally required minimums from public advertising for bids to insure legal exclusions from bidding are being consistently and properly interpreted and applied.

**District Response:** : The District did consult with legal counsel who felt this was an example of a sole source exception to the competition bidding requirements with much consideration of the cost savings involved. In the future we will continue to review purchasing rules very carefully so as to ensure bidding requirements are consistently applied.