

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
REVENUE BOND CONSTRUCTION FUND**

**MEASURE E
PERFORMANCE AUDIT**

Fiscal Year Ending June 30, 2012

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
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**MEASURE E
PERFORMANCE AUDIT**

June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the El Camino Community College District (the "District"), Measure E General Obligation Bond funds for the year ended June 30, 2012.

We conducted our performance audit in accordance with *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.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure E General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 – 15288 of the California Education Code as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 – 15288 of the California Education Code. Accordingly, we do not express any assurance on the internal control.

The results of our test indicate that in all significant respects, the District expended Measure E General Obligation Bond funds for the year ended June 30, 2012, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 – 15288 of the California Education Code.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

February 26, 2013

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E BOND PROGRAM
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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. On November 5, 2002, a general obligation bond proposition (Measure E) of the 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 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 Revenue Bond Construction Fund — Measure E Bond Program have been expended only for the authorized bond projects.

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OBJECTIVES

The objectives of our Performance Audit were to:

- Determine the expenditures charged to the District Revenue Bond Construction Fund — Measure E Bond Program.
- Determine whether expenditures charged to the Revenue Bond Construction 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 incongruities, system weaknesses, or non-compliance with specific California Education Code sections related to bond oversight and provide recommendations for improvement.
- Provide the District Trustees and the Measure E Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution and California Education Code.

SCOPE OF THE AUDIT

The scope of our Performance Audit covered the fiscal period from July 1, 2011 to June 30, 2012. The sample 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 the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2012, were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports prepared by the District for the fiscal year ended June 30, 2012, for the Revenue Bond Construction Fund — Measure E Bond Program. We also reviewed documentation, including the District website, for compliance with California Education Code Sections 15278 – 15282. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure E with regards to the approved bond projects list. 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 fiscal year ended June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 72 transactions totaling \$22,352,766. This represents 81% of total expenditures of \$27,447,464.
- We verified that funds from the Revenue Bond Construction 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 Revenue Bond Construction 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

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Revenue Bond Construction Fund — Measure E Bond Program and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Revenue Bond Construction Fund — Measure E Bond Program and expended by the District were not expended for salaries of school administrators or other operating expenditures.

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SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit of the Revenue Bond Construction Fund
— Measure E Bond Program for fiscal year ended June 30, 2012.

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STATUS OF PRIOR YEAR FINDINGS AND RESPONSES

11-1 – PROCEDURAL REQUIREMENTS OF PROPOSITION 39

Original Finding 08-1

Finding: Per Section 15282 of the Education Code, the Citizens' Bond Oversight Committee shall consist of a minimum of seven members and shall be comprised as follows:

- One member shall be active in a business organization representing the business community located within the District;
- One member shall be active in a senior citizens' organization;
- One member shall be active in a bona fide taxpayers' organization;
- One member shall be a student enrolled in the District and active in a community college group such as ASG;
- One member shall be a person active in support of the District

We noted during our review of the members list that the District had representation from the five specific constituencies noted above; however a minimum of seven members had not been appointed to the Citizens' Bond Oversight Committee.

Recommendation: The District should take all necessary means to ensure the Committee includes the proper number of members as outlined in the Education Code.

Current Status: Implemented.