

**EL CAMINO COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
REVENUE BOND CONSTRUCTION FUND  
MEASURE E  
FINANCIAL AUDIT**

**Fiscal Year Ending June 30, 2009**

**EL CAMINO COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**REVENUE BOND CONSTRUCTION FUND**  
**MEASURE E**  
**FINANCIAL AUDIT**

**June 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

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

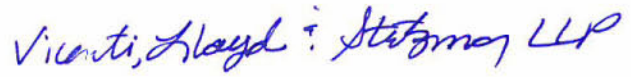
We have audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Revenue Bond Construction Fund of the El Camino Community College District as of and for the fiscal year ended June 30, 2009. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Revenue Bond Construction Fund 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 for the Revenue Bond Construction Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Revenue Bond Construction Fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Revenue Bond Construction Fund of the El Camino Community College District as of June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2010 on our consideration of the El Camino Community College District's internal control over financial reporting and 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 Revenue Bond Construction Fund 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* and should be considered in assessing the results of our audit.

  
VICENTI, LLOYD & STUTZMAN LLP

February 17, 2010

EL CAMINO COMMUNITY COLLEGE DISTRICT

BALANCE SHEET  
REVENUE BOND CONSTRUCTION FUND

June 30, 2009

**ASSETS**

Cash in County Treasury	\$ 110,290,760
Accounts Receivable	<u>806,833</u>

**TOTAL ASSETS** **\$ 111,097,593**

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	\$ <u>4,700,395</u>
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**TOTAL LIABILITIES** **4,700,395**

**FUND BALANCE**

Designated	<u>106,397,198</u>
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**TOTAL FUND BALANCE** **106,397,198**

**TOTAL LIABILITIES AND FUND BALANCE** **\$ 111,097,593**

See the accompanying notes to the financial statements.

EL CAMINO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
REVENUE BOND CONSTRUCTION FUND

For the Fiscal Year Ended June 30, 2009

**REVENUES**

Interest and Investment Income	\$ 3,132,905
<b>TOTAL REVENUES</b>	<u>3,132,905</u>

**EXPENDITURES**

Materials and Supplies	34,670
Other Services	2,317,845
Capital Outlay	<u>24,871,859</u>
<b>TOTAL EXPENDITURES</b>	<u>27,224,374</u>

Net change in fund balance (24,091,469)

Fund Balance at Beginning of Year 130,488,667

Fund Balance at End of Year \$ 106,397,198

See the accompanying notes to the financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - REVENUE BOND CONSTRUCTION FUND**

**For the Fiscal Year Ended June 30, 2009**

	<b>Budget *</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Interest and Investment Income	\$ 6,000,000	\$ 3,132,905	\$ (2,867,095)
<b>TOTAL REVENUES</b>	6,000,000	3,132,905	(2,867,095)
<b>EXPENDITURES</b>			
Materials and Supplies	13,261	34,670	(21,409)
Other Services	20,037,782	2,317,845	17,719,937
Capital Outlay	282,371,869	24,871,859	257,500,010
<b>TOTAL EXPENDITURES</b>	302,422,912	27,224,374	275,198,538
Net change in fund balance	\$ (296,422,912)	(24,091,469)	\$ 272,331,443
Fund Balance at Beginning of Year		130,488,667	
Fund Balance at End of Year		\$ 106,397,198	

\* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

**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.

**FUND STRUCTURE**

The Statement of Revenues, Expenditures, and Change in Fund Balance is a statement of financial activities of the Revenue Bond Construction 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.

**BASIS OF ACCOUNTING**

The Revenue Bond Construction 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).

During the year, Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

**BUDGET**

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column entitled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.



**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

**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 Revenue Bond Construction Fund are determined by its measurement focus. The Revenue Bond Construction funds are 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 Revenue Bond Construction Fund are accounted for in the basic financial statements of the El Camino Community College District.

**NOTE 2 - DEPOSITS:**

**CASH IN COUNTY**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s Revenue Bond Construction Fund deposits in this pool as of June 30, 2009, as provided by the pool sponsor, was \$110,366,562.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 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. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

Excess of expenditures over appropriations, by major object account, is as follow:

Materials and Supplies	\$21,409
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**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 4 – BONDED DEBT:**

On November 5, 2002, the District voters authorized the issuance and sale of general obligation bonds totaling \$394,516,464 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property.

The outstanding related bonded debt for the El Camino Community College District at June 30, 2009 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2009</u>
3/20/2003	2.5 - 5.0%	8/1/2013	\$ 63,700,000	\$ 9,625,000	\$ -	\$ 1,450,000	\$ 8,175,000
8/30/2005	3.0 - 5.0%	8/1/2022	40,252,335	31,036,201		860,028	30,176,173
9/12/2006	3.75 - 5.0%	8/1/2031	150,000,000	145,400,000		3,250,000	142,150,000
			<u>\$ 253,952,335</u>	<u>\$ 186,061,201</u>	<u>\$ -</u>	<u>\$ 5,560,028</u>	<u>\$ 180,501,173</u>

**Series A**

On March 20, 2003, \$63,700,000 of general obligation bonds were sold. The annual requirements to amortize Series A bonds payable, outstanding as of June 30, 2009, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,495,000	\$ 352,038	\$ 1,847,038
2011	1,560,000	287,200	1,847,200
2012	1,625,000	215,375	1,840,375
2013	1,705,000	132,125	1,837,125
2014	<u>1,790,000</u>	<u>44,750</u>	<u>1,834,750</u>
	<u>\$ 8,175,000</u>	<u>\$ 1,031,488</u>	<u>\$ 9,206,488</u>

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 4 – BONDED DEBT: (continued)**

**Refunding**

On August 30, 2005, \$40,252,335 of general obligation bonds were sold in order to refund a portion of Series A bonds. The annual requirements to amortize Refunding bonds payable, outstanding as of June 30, 2009, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Component</u>	<u>Total</u>
2010	\$ 762,230	\$ 1,252,250	\$ 432,770	\$ 2,447,250
2011	681,228	1,252,250	518,772	2,452,250
2012	603,762	1,252,250	591,238	2,447,250
2013	537,344	1,252,250	657,656	2,447,250
2014	478,227	1,252,250	716,773	2,447,250
2015-2019	11,763,382	5,549,875	4,076,618	21,389,875
2020-2023	<u>15,350,000</u>	<u>1,582,000</u>	<u>                    </u>	<u>16,932,000</u>
	<u>\$ 30,176,173</u>	<u>\$ 13,393,125</u>	<u>\$ 6,993,827</u>	<u>\$ 50,563,125</u>

Capital appreciation bonds were issued as part of the 2005 refunding issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued has been reflected in the long term debt balance on the El Camino Community College District's financial statements.

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2009**

**NOTE 4 – BONDED DEBT: (continued)**

**Series B**

On September 12, 2006, \$150,000,000 of general obligation bonds were sold. The annual requirements to amortize Series B bonds payable, outstanding as of June 30, 2009, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,000,000	\$ 6,573,369	\$ 9,573,369
2011	1,800,000	6,453,369	8,253,369
2012	2,250,000	6,368,993	8,618,993
2013	3,300,000	6,259,494	9,559,494
2014	4,245,000	6,112,428	10,357,428
2015-2019	25,485,000	27,538,594	53,023,594
2020-2024	32,090,000	20,708,075	52,798,075
2025-2029	40,655,000	11,971,306	52,626,306
2030-2032	29,325,000	2,132,631	31,457,631
	<u>\$ 142,150,000</u>	<u>\$ 94,118,259</u>	<u>\$ 236,268,259</u>

**NOTE 5 – PURCHASE COMMITMENTS**

As of June 30, 2009, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$21,011,000.



**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**

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

We have audited the Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Revenue Bond Construction Fund of the El Camino Community College District as of and for the fiscal year ended June 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered El Camino Community College District's internal control over the Revenue Bond Construction Fund financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Revenue Bond Construction Fund financial statement that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Revenue Bond Construction Fund financial statements will not be prevented or detected by the District's internal control.

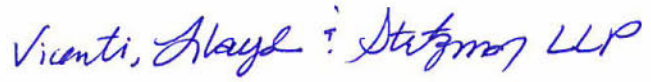
**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Our consideration of internal control over Revenue Bond Construction Fund financial reporting was for the limited purpose described in the first paragraph of this section and could not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Camino Community College District's Revenue Bond Construction Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 of the Revenue Bond Construction Fund disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's Board of Trustees, the Citizens' Oversight Committee and District management. It is not intended to be and should not be used by anyone other than these specified parties.

  
VICENTI, LLOYD & STUTZMAN LLP

February 17, 2010

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2009**

There were no findings and questioned costs related to the financial audit of the Revenue Bond Construction Fund for the year ended June 30, 2009.

**EL CAMINO COMMUNITY COLLEGE DISTRICT  
REVENUE BOND CONSTRUCTION FUND**

**STATUS OF PRIOR YEAR OF FINDINGS AND QUESTIONED COSTS  
June 30, 2009**

There were no findings and questioned costs related to the financial audit of the Revenue Bond Construction Fund for the year ended June 30, 2008.