

EL CAMINO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
REVENUE BOND CONSTRUCTION FUND
MEASURE E
FINANCIAL AND PERFORMANCE AUDITS**

June 30, 2013

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
REVENUE BOND CONSTRUCTION FUND
MEASURE E
FINANCIAL AND PERFORMANCE AUDITS

June 30, 2013

CONTENTS

	<u>Page</u>
Financial Audit of Revenue Bond Construction Fund for Measure E:	
Independent Auditor’s Report.....	1-2
Balance Sheet – Revenue Bond Construction Fund	3
Statement of Revenues, Expenditures and Change in Fund Balance – Revenue Bond Construction Fund	4
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Revenue Bond Construction Fund	5
Notes to Financial Statements.....	6-13
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Statements Performed in Accordance with Government Auditing Standards.....	14-15
Schedule of Findings and Responses.....	16
 Performance Audit of Measure E:	
Independent Auditor’s Report on Proposition 39 Compliance Requirements.....	17
Background Information.....	18
Objectives	19
Scope of the Audit	19
Procedures Performed.....	20
Conclusion	21
Schedule of Findings and Responses.....	22

**FINANCIAL AUDIT OF REVENUE BOND CONSTRUCTION FUND
MEASURE E**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying Measure E financial statements of the El Camino Community College District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's Measure E Revenue Bond Construction Fund 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 of material misstatement.

An audit involves performing procedures to obtain 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, we consider 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

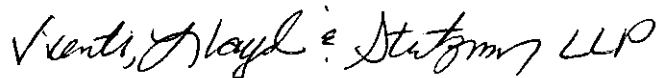
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure E Revenue Bond Construction Fund of the District as of June 30, 2013, 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 March 12, 2014 on our consideration of the District's internal control over the Measure E Revenue Bond Construction Fund 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 the Measure E Revenue Bond Construction Fund 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 internal control over the Measure E Revenue Bond Construction Fund financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP

Glendora, CA

March 12, 2014

EL CAMINO COMMUNITY COLLEGE DISTRICT

BALANCE SHEET
REVENUE BOND CONSTRUCTION FUND
June 30, 2013

Assets

Cash in county treasury	\$ 194,203,832
Accounts receivable	<u>519,894</u>
Total Assets	<u>\$ 194,723,726</u>

Liabilities and Fund Balance

Liabilities

Accounts payable	<u>\$ 2,954,455</u>
Total Liabilities	<u>2,954,455</u>

Fund Balance

Restricted	<u>191,769,271</u>
Total Fund Balance	<u>191,769,271</u>
Total Liabilities and Fund Balance	<u>\$ 194,723,726</u>

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, 2013**

Revenues	
Interest and investment income	\$ 1,135,672
Total Revenues	<u>1,135,672</u>
Expenditures	
Supplies	20,139
Other services	4,545,838
Capital outlay	<u>18,395,295</u>
Total Expenditures	<u>22,961,272</u>
Deficiency of revenues over expenditures	(21,825,600)
Other Financing Sources	
Proceeds from sale of bonds	<u>180,812,882</u>
Total Other Financing Sources	<u>180,812,882</u>
Net change in fund balance	158,987,282
Fund Balance - Beginning of Year	<u>32,781,989</u>
Fund Balance - End of Year	<u>\$ 191,769,271</u>

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, 2013**

	<u>Budget *</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Interest and investment income	\$ 460,000	\$ 1,135,672	\$ 675,672
Total Revenues	<u>460,000</u>	<u>1,135,672</u>	<u>675,672</u>
Expenditures			
Supplies		20,139	(20,139)
Other services	19,958,741	4,545,838	15,412,903
Capital outlay	<u>193,146,327</u>	<u>18,395,295</u>	<u>174,751,032</u>
Total Expenditures	<u>213,105,068</u>	<u>22,961,272</u>	<u>190,143,796</u>
Deficiency of revenues over expenditures	<u>(212,645,068)</u>	<u>(21,825,600)</u>	<u>190,819,468</u>
Other Financing Sources			
Proceeds from sale of bonds	<u>180,816,464</u>	<u>180,812,882</u>	<u>(3,582)</u>
Total Other Financing Sources	<u>180,816,464</u>	<u>180,812,882</u>	<u>(3,582)</u>
Net change in fund balance	<u>\$ (31,828,604)</u>	158,987,282	<u>\$ 190,815,886</u>
Fund Balance - Beginning of Year		<u>32,781,989</u>	
Fund Balance - End of Year		<u>\$ 191,769,271</u>	

* The budget reflects amounts remaining and available for current and subsequent years and does not necessarily coincide with actual planned revenues and 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, 2013**

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, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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 Revenue Bond Construction Fund is therefore classified as restricted.

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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - DEPOSITS – CASH IN COUNTY TREASURY:

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 may differ from fair value. The fair market value of the District's Revenue Bond Construction Fund deposits in this pool as of June 30, 2013, as provided by the County Treasurer, was \$193,660,842, as based upon the District's pro-rata share of the fair value for the entire portfolio (in relation to the amortized costs of the portfolio).

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 accounts occurred in the following:

Supplies	\$20,139
----------	----------

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT:

On November 5, 2002, the District voters authorized through Measure E 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.

On November 6, 2012, the District voters authorized through Measure E (2012) the issuance and sale of general obligation bonds totaling \$350,000,000 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property. As of June 30, 2013 there have been no bonds issued related to the Measure E (2012) bond election.

The outstanding related bonded debt for the District for Measure E at June 30, 2013 is:

	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2012</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2013</u>
Series A	3/20/2003	2.5 - 5.0%	8/1/2013	\$ 63,700,000	\$ 3,495,000	\$	\$ 1,705,000	\$ 1,790,000
2005 Refunding	8/30/2005	3.0 - 5.0%	8/1/2022	40,252,335	28,128,953		537,344	27,591,609
Series B	9/12/2006	3.75 - 5.0%	8/1/2031	150,000,000	135,100,000		46,220,000	88,880,000
Series C	8/23/2012	4.0-5.0%	8/1/2038	180,812,882		180,812,882		180,812,882
2012 Refunding	8/23/2012	2.0-5.0%	8/1/2023	41,755,000		41,755,000		41,755,000
				<u>\$ 476,520,217</u>	<u>\$ 166,723,953</u>	<u>\$ 222,567,882</u>	<u>\$ 48,462,344</u>	<u>\$ 340,829,491</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, 2013, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 1,790,000</u>	<u>\$ 44,750</u>	<u>\$ 1,834,750</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

2005 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, 2013, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2014	\$ 478,227	\$ 1,252,250	\$ 716,773	\$ 2,447,250
2015	1,095,223	1,252,250	1,979,777	4,327,250
2016	973,159	1,252,250	2,096,841	4,322,250
2017	3,075,000	1,175,375		4,250,375
2018	3,230,000	1,017,750		4,247,750
2019-2023	<u>18,740,000</u>	<u>2,434,250</u>	<u> </u>	<u>21,174,250</u>
	<u>\$ 27,591,609</u>	<u>\$ 8,384,125</u>	<u>\$ 4,793,391</u>	<u>\$ 40,769,125</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

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, 2013, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,245,000	\$ 4,023,828	\$ 8,268,828
2015	4,685,000	3,847,331	8,532,331
2016	4,880,000	3,644,075	8,524,075
2017	5,090,000	3,432,213	8,522,213
2018		3,324,050	3,324,050
2019-2023		16,620,250	16,620,250
2024-2028	31,755,000	13,691,044	45,446,044
2029-2032	<u>38,225,000</u>	<u>3,736,944</u>	<u>41,961,944</u>
	<u>\$ 88,880,000</u>	<u>\$ 52,319,735</u>	<u>\$ 141,199,735</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Series C

On August 23, 2012, \$180,812,882 of general obligation bonds were sold. The annual requirements to amortize Series C bonds payable, outstanding as of June 30, 2013, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2014	\$	\$ 1,360,000	\$	\$ 1,360,000
2015	181,716	1,360,000	3,284	1,545,000
2016		1,360,000		1,360,000
2017	481,813	1,360,000	113,187	1,955,000
2018	1,142,830	1,360,000	347,170	2,850,000
2019-2023	14,829,466	6,800,000	5,255,534	26,885,000
2024-2028	38,186,836	6,800,000	26,793,164	71,780,000
2029-2033	42,371,472	6,800,000	57,743,528	106,915,000
2034-2038	73,294,501	6,120,000	92,858,116	172,272,617
2039	10,324,248		29,070,752	39,395,000
	<u>\$ 180,812,882</u>	<u>\$ 33,320,000</u>	<u>\$ 212,184,735</u>	<u>\$ 426,317,617</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

2012 Refunding

On August 23, 2012, \$41,755,000 of general obligation bonds were sold in order to refund a portion of Series B bonds. The annual requirements to amortize Refunding bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 265,000	\$ 1,971,600	\$ 2,236,600
2015		1,968,950	1,968,950
2016		1,968,950	1,968,950
2017		1,968,950	1,968,950
2018	5,170,000	1,865,550	7,035,550
2019-2023	29,515,000	5,501,700	35,016,700
2024	6,805,000	170,125	6,975,125
	<u>\$ 41,755,000</u>	<u>\$ 15,415,825</u>	<u>\$ 57,170,825</u>

Capital appreciation bonds were issued as part of the 2005 refunding and Series C issuances. 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 District's financial statements.

The repayment of the debt related to the General Obligation Bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the District's basic financial statements. In addition, the long term debt is reported in the government wide statements of the District's basic financial statements and is not part of the financial statements reported herein.

NOTE 5 – PURCHASE COMMITMENTS

As of June 30, 2013, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$56.8 million.



**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***

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

We have audited, 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, the Measure E financial statements of the El Camino Community College District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's Measure E Revenue Bond Construction Fund financial statements, and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

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

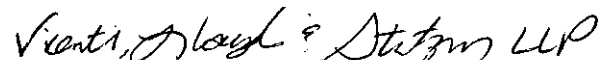
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure E 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 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 non-compliance 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
March 12, 2014

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013**

There were no findings related to the financial audit of the Revenue Bond Construction Fund for the year ended June 30, 2013. In addition, there were no findings related to the financial audit of the Revenue Bond Construction Fund for the year ended June 30, 2012.

PERFORMANCE AUDIT OF MEASURE E

**INDEPENDENT AUDITOR'S REPORT ON PROPOSITION 39
COMPLIANCE REQUIREMENTS**

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 Revenue Bond Construction Fund for the fiscal year ended June 30, 2013.

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 conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 19 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure E Revenue Bond Construction Fund under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 – 15286 of the California Education Code. 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 and 15272 – 15286 of the California Education Code. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure E Revenue Bond Construction Fund for the fiscal year ended June 30, 2013, 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 and 15272 – 15286 of the California Education Code.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
March 12, 2014

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E
PERFORMANCE AUDIT
June 30, 2013

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.

On November 6, 2012, a general obligation bond proposition (Measure E - 2012) of the District was approved by the voters of that District. Measure E (2012) authorized the District to issue up to \$350,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions. As of June 30, 2013 there have been no bonds issued nor expenditures made related to the Measure E (2012) bond election.

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.

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E
PERFORMANCE AUDIT
June 30, 2013

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, 2012 to June 30, 2013. The sample of expenditures tested included 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, 2013, were not reviewed or included within the scope of our audit or in this report.

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E
PERFORMANCE AUDIT
June 30, 2013

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013, for the Revenue Bond Construction – Measure E Bond Program. We also reviewed documentation, including the District website, for compliance with California Education Code Sections 15264 and 15272 – 15286. 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 Revenue Bond Construction – Measure E Bond Program 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, 2013, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 68 transactions totaling \$15,478,584. This represents 67% of total expenditures of \$22,961,272.
- We verified on a sample basis that funds from the Revenue Bond Construction Fund — Measure E Bond Program were expended on the authorized bond projects and not used for salaries of school administrators or other operating expenses of the District.

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E
PERFORMANCE AUDIT
June 30, 2013

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 and not expended for salaries of school administrators or other operating expenditures.

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE E
PERFORMANCE AUDIT
June 30, 2013

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, 2013. In addition, there were no findings related to the performance audit of the Revenue Bond Construction Fund — Measure E Bond Program for the year ended June 30, 2012.