

EL CAMINO COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ending June 30, 2009

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

June 30, 2009

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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 of General Obligation Bond funds for the year ended June 30, 2009.

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

Our audit was limited to objectives listed on page 2 of this report which includes determining the El Camino College 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 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.

Solely to assist us in planning and performing our performance audit, we made a study and evaluation for the internal controls of El Camino Community College 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. Accordingly, we do not express any assurance on the internal controls.

The results of our test indicate that in all significant respects, El Camino Community College District expended Measure E General Obligation Bond funds for the year ended June 30, 2009, only for the purpose approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

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

February 17, 2010

EL CAMINO COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the El Camino Community College 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 any incongruities or system weaknesses 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 Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2008 to June 30, 2009. 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, 2009 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. On November 5, 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 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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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, 2008 to June 30, 2009, for the Revenue Bond Construction 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. Our sample included 57 transactions totaling \$23,577,374. This represents 87% of total expenditures of \$27,224,374 which includes any expenditures related to restated or transferred funds.
- 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 El Camino Community College District has properly accounted for the expenditures of the funds held in the Revenue Bond Construction Fund — Measure E Bond Program that such expenditures were made for authorized bond projects. Furthermore, 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 RECOMMENDATIONS

09-1 – 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 proper representation as outlined in the Education Code.

District Response: The District is in the process of recruiting for a replacement member.

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STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

08-1 – PROCEDURAL REQUIREMENTS OF PROPOSITION 39

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 proper representation as outlined in the Education Code.

Current Status: Not implemented. See current year finding 09-1.