

**HARTNELL COMMUNITY COLLEGE DISTRICT**

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MEASURE H GENERAL OBLIGATION BONDS, SERIES A  
WITH  
INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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**JUNE 30, 2004**



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Hartnell Community College District  
Independent Citizen's Oversight Committee

We have performed the Agreed-Upon Procedures enumerated in Exhibit A, which were agreed to by the Hartnell Community College District (the District) for the purpose of determining compliance with Measure H General Obligation Bond requirements for the period ended June 30, 2004. This engagement to perform Agreed-Upon Procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the results of findings and recommendations are described within this report.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion relating to the matters included in the Agreed-Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Hartnell Community College District Board of Trustees, Independent Citizen's Oversight Committee, and District administrators and is not intended to be and should not be used by anyone other than those specified parties.

*Vavrinek, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
June 30, 2004

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE H GENERAL OBLIGATION BOND  
AGREED-UPON PROCEDURES  
JUNE 30, 2004**

- A. Obtain an understanding of the internal control over the disbursement process for the Bond Funds.
- B. Determine District procedures for disbursement of Bond Funds were applied in accordance with laws and regulations as described in the State of California Education Code, the California Chancellor's Office Budget and Accounting Manual, as well as approved Hartnell Community College District Board policies for expenditures through review and testing of actual invoices, purchase orders, and construction bid documents.
- C. Review compliance with expenditure allowances for the 2003-2004 fiscal year within the Measure H Bond Initiative placed on the Local Election Ballot held on November 5, 2002.
- D. Test appropriateness of Bond expenditures for the 2003-2004 fiscal year to the object code classification within the general ledger.
- E. Analyze the balance of Measure H Bond Funds available at June 30, 2004, for future expenditures.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE H GENERAL OBLIGATION BOND  
AGREED-UPON PROCEDURES  
JUNE 30, 2004**

**Agreed-Upon Procedure (A)**

Procedure

Obtained an understanding of the internal control over the disbursement process for the Measure H Bond Funds through inquiry, analysis, and testing of the controls over disbursement transactions.

Results

We obtained an understanding of the internal control over the District's disbursement process for the Measure H Bond Funds through inquiry of District personnel, analysis of the records of the District, and testing the procedures described. Based upon our procedures, no exceptions were noted. The internal control system over the disbursement process for the Measure H Bond Funds appears to be working as communicated to us.

**Agreed-Upon Procedure (B)**

Procedure

Determined District procedures for disbursement of Bond Funds were applied in accordance with laws and regulations as described in the State of California Education Code, the California Chancellor's Office Budget and Accounting Manual, as well as approved Hartnell Community College District Board policies for expenditures through review and testing of actual invoices, purchase orders, and construction bid documents.

Results

We included 26 percent of all expenditures charged to the Measure H Bond Funds for the 2003-2004 fiscal year in our examination. Based upon our examination of actual invoices and purchase orders, there were no exceptions noted in the District's procedures related to the disbursement of Measure H Bond Funds. The District used formal bid procedures for those contracts over the construction bid level requirements and informal bid procedures for those contracts below the construction bid level to select contractors for the various projects in accordance with Education Code requirements and District policy.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
 MEASURE H GENERAL OBLIGATION BOND  
 AGREED-UPON PROCEDURES  
 JUNE 30, 2004**

**Agreed-Upon Procedure (C)**

Procedure

Reviewed compliance with expenditure allowances within the Measure H Bond Initiative placed on the Local Election Ballot held on November 5, 2002, through review of the ballot language related to various construction, renovation, and repair projects. Specifically reviewed expenditures to determine any on-going District charges or Administrative charges. The following table notes the expenditures reported for the 2003-2004 fiscal year and the sample audited.

<u>Category of Expense</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Capital outlay	\$ 6,363,938	\$ 1,647,637	26%

Results

There were no exceptions noted in the expenditures tested of the Measure H Bond Funds. The District has not charged on-going expenditures that are the responsibility of the District to the Measure H Bond Fund, nor has an administrative or indirect cost been charged to the Measure H Bond Fund.

**Agreed-Upon Procedure (D)**

Procedure

Test appropriateness of Bond expenditures to the object code classification within the general ledger.

Results

For all items noted in Agreed-Upon Procedure C, we tested the appropriateness of the expenditures to the object code classification within the general ledger to ensure proper classification and coding. There were no exceptions noted. The expenditures reflected within the general ledger object code classifications were proper and in accordance with provisions of the Budget and Accounting Manual issued by the California Community Colleges Chancellor's Office.

**HARTNELL COMMUNITY COLLEGE DISTRICT  
MEASURE H GENERAL OBLIGATION BOND  
AGREED-UPON PROCEDURES  
JUNE 30, 2004**

**Agreed-Upon Procedure (E)**

Procedure

Analyze the balance of Measure H Bond Funds available at June 30, 2004, for future expenditures.

Results

As stated in the District's Unaudited Actual Financial Statement (CCFS 311) as of June 30, 2003 and June 30, 2004, the total expenditures to date from the Measure H Bond Fund were \$961,780 for fiscal year 2002-2003 and \$6,363,938 for fiscal year 2003-2004, totaling \$7,325,718 to date. Bond proceeds in the amount of \$35,000,000, in addition to interest revenue earned to date of \$556,997, provide \$28,231,279 from initial issuance available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures.