

HARTNELL COMMUNITY COLLEGE DISTRICT

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

JUNE 30, 2007



**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, 2007. 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
December 21, 2007

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2007**

- A. Observe that 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.
- B. Observe compliance with expenditure allowances for the 2006-2007 fiscal year within the Measure H Bond Initiative placed on the Local Election Ballot held on November 5, 2002.
- C. Verify appropriateness of Bond expenditures for the 2006-2007 fiscal year to the object code classification within the general ledger.
- D. Calculate the balance available for expenditures of bond proceeds related to the approved projects within the Measure H Bond Funds at June 30, 2007.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2007**

Procedure (A)

Procedure

Observe that 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

At the direction of the District, we included 55 percent of all expenditures charged to the Measure H Bond Funds for the 2006-2007 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 California Education Code requirements and District policy.

Procedure (B)

Procedure

Observe compliance with expenditure allowances for the 2006-2007 fiscal year 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 2006-2007 fiscal year and the sample audited.

<u>Category of Expense</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Salaries and Benefits	\$ 47,247	\$ 47,247	100%
Capital Outlay	3,260,218	1,782,289	55%
Total	<u>\$ 3,307,465</u>	<u>\$ 1,829,536</u>	55%

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.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2007**

Procedure (C)

Procedure

Verify appropriateness of Bond expenditures for the 2006-2007 fiscal year to the object code classification within the general ledger.

Results

For all items noted in Agreed-Upon Procedure B, 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.

Procedure (D)

Procedure

Calculate the balance available for expenditures of bond proceeds related to the approved projects within the Measure H Bond Funds at June 30, 2007.

Results

As stated in the District's Audited Financial Statement as of June 30, 2007, the total expenditures from the Measure H Bond Funds were \$3,307,465 for fiscal year 2006-2007, totaling \$41,150,124 to date. As of June 30, 2007, \$38,733,233 is available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures for the Bond Projects Funds.

**HARTNELL COMMUNITY COLLEGE DISTRICT
MEASURE H GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2007**

Year	Income	Amount
2002-2006	Proceeds Received - (Fund 45)	\$ 71,338,677
2004-2005	Refunding Proceeds, net - (Fund 45)	4,549,186
2003-2006	Local Income - (Fund 45)	1,725,510
2006-2007	Local Income - (Fund 45)	<u>2,269,984</u>
Subtotal		<u><u>79,883,357</u></u>
Year	Expenditures	Amount
2002-2005	Expenditures - (Fund 45)	37,842,659
2006-2007	Expenditures - (Fund 45)	3,307,465
	Subtotal	<u>41,150,124</u>
	Remaining Balance at June 30, 2007	<u><u>\$ 38,733,233</u></u>