

HARTNELL COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
BOND PROJECTS FUND
MEASURE H
PERFORMANCE AUDIT**

Fiscal Year Ending June 30, 2009



**HARTNELL
COLLEGE**

HARTNELL COMMUNITY COLLEGE DISTRICT
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June 30, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Measure H Citizens' Oversight Committee
Hartnell Community College District

We have examined the Hartnell Community College District's compliance with the performance requirements for the Proposition 39/Measure H General Obligation Bonds for the period ended June 30, 2009, 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 Hartnell Community College District's compliance with those requirements. Our responsibility is to express an opinion on the Hartnell Community College District's compliance with such requirements thereof based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Hartnell Community College District's compliance with specified requirements.

In our opinion, the Hartnell Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2009.

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

October 28, 2009

HARTNELL COMMUNITY COLLEGE DISTRICT
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OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Hartnell Community College District Bond Projects Fund established for the bonds and the net bond proceeds deposited into the Bond Projects Fund.
- Determine whether expenditures charged to the Bond Projects Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure H in November 2002.
- Note any incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District Trustees and the Citizens' 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 H) of the Hartnell Community College District was approved by the voters of that District. Measure H authorized the District to issue up to \$131,000,000 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' Oversight Committee and appointed its members. The principal purpose of the Citizens' 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 H bond authorization. The Citizens' 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 Bond Projects Fund 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 Bond Projects Fund. 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 H 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 H 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 32 transactions totaling \$10,893,875. This represents 77% of the total expenditures of \$14,090,967, including expenditures related to transferred funds.
- We verified that funds from the Bond Projects Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. In addition, we verified that funds held in the Bond Projects Fund were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

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CONCLUSION

Based upon our procedures performed, we found that for the items tested, the Hartnell Community College District has properly accounted for the expenditures of the funds held in the Bond Projects Fund and that such expenditures were made for authorized bond projects. Further, it was noted that the funds held in the Bond Projects Fund, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.