

**SANTA MONICA COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
MEASURE U, MEASURE S & MEASURE AA  
PERFORMANCE AUDIT**

**Fiscal Year Ending June 30, 2013**



**SANTA MONICA COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39 GENERAL OBLIGATION BONDS  
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**June 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
The Citizens' Oversight Committee  
Santa Monica Community College District  
1900 Pico Boulevard  
Santa Monica, CA 90405-1628

We have conducted a performance audit of the Santa Monica Community College District (the "District"), Measure U, Measure S, and Measure AA General Obligation Bond funds for the year ended June 30, 2013.

We conducted our performance audit in accordance with *Governmental 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 findings and 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 three of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure U, Measure S, and Measure AA General Obligation Bonds 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 as they apply to the Bonds and the net proceeds thereof. 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 U, Measure S, Measure AA General Obligation Bond funds for the 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  
December 17, 2013

**SANTA MONICA COMMUNITY COLLEGE DISTRICT**

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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.

In March 2002, a general obligation bond proposition (Measure U) of the Santa Monica Community College District was approved by the voters of the District. Measure U authorized the District to issue up to \$160 million of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions.

In November 2004, a general obligation bond proposition (Measure S) of the Santa Monica Community College District was approved by the voters of the District. Measure S authorized the District to issue up to \$135 million of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions.

In November 2008, a general obligation bond proposition (Measure AA) of the Santa Monica Community College District was approved by the voters of the District. Measure AA authorized the District to issue up to \$295 million 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 made using the proceeds of the bonds issued pursuant to the Measure U, Measure S and Measure AA 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 Building Fund have been expended only for the authorized bond projects. Consistent with this provision, Section 15286 of the California Education Code requires the performance audit to be conducted in accordance with *Government Auditing Standards* issued by the comptroller General of the United States and be submitted to the Citizen's Oversight Committee by March 31<sup>st</sup> of each year.

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**OBJECTIVES**

The objectives of our performance audit were to:

- Document the expenditures charged to the Santa Monica Community College District Bond Building Fund.
- Determine whether expenditures charged to the Bond Building Fund, have been made in accordance with the bond project list approved by the voters through the approval of Measure U in March 2002, Measure S in November 2004, and Measure AA in November 2008.
- Determine compliance with specific Education Codes Sections related to oversight of bond expenditures.
- Note any incongruities or system weaknesses, or non-compliance with specific Education Code Sections related to oversight of fund expenditures and provide recommendations for improvement.
- Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

**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.

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**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 Measure U, Measure S and Measure AA Bond Building Fund. We also reviewed documentation, including the District website, for compliance with Education Code Sections 15624 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 Measure U, Measure S and Measure AA with regards to the approved bond projects list and performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure U, Measure S and Measure AA election documents.
- We selected a sample of expenditures from each bond Measure 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.
- We verified that funds from the Bond Building Fund 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 Bond Building Fund were not used for salaries of school administrators or other operating expenses of the District.

**CONCLUSION**

The results of our tests indicated that, in all significant respects, the Santa Monica Community College District has properly accounted for the expenditures of the funds held in the Measure U, Measure S and Measure AA Bond Building Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Measure U, Measure S and Measure AA Bond Building Fund and expended by the District were not expended for salaries of school administrators or other operating expenditures.

In addition, the results of our tests indicated that, in all significant respects, the District complied with certain provisions of the California Education Code requirements for which the purpose of an Independent Citizens' Oversight Committee is established.

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

There were no findings related to the performance audit for the fiscal years ended June 30, 2013 and June 30, 2012.