

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1
Objectives.....	2
Scope of the Audit	2
Background Information.....	2
Procedures Performed.....	3
Results of Procedures.....	4-7
Conclusion	8
Management Comments and Recommendations	9



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, CA 91789

Chairman

ROYCE A. STUTZMAN

Partners

PETER F. GAUTREAU

RENÉE S. GRAVES

WADE N. McMULLEN

KARIN HECKMAN NELSON

CARL PON

MARY ANN QUAY

LINDA M. SADDLEMIRE

Principal

JERI A. WENGER

Senior Managers

TIMOTHY D. EVANS

PHEBE M. McCUTCHEON

ARVEE ROBINSON

COLLEEN K. TAYLOR

We have examined the Mt. San Antonio Community College District's compliance with the performance requirements for the Proposition 39/Measure R General Obligation Bond for the fiscal year ended June 30, 2002. Management is responsible for the Mt. San Antonio Community College District's compliance with those requirements. Our responsibility is to express an opinion on the Mt. San Antonio Community College District's compliance 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 Mt. San Antonio Community College 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 Mt. San Antonio Community College District's compliance with specified requirements.

In our opinion, the Mt. San Antonio Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2002.

VICENTI, LLOYD & STUTZMAN LLP

January 27, 2003



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 FUNDING PERFORMANCE AUDIT

June 30, 2002

OBJECTIVES

The objectives of our Performance Audit were to:

Document the expenditures charged to the voter approved 2001 Series A General Obligation Bonds. Determine whether all expenditures through June 30, 2002 charged to the Building Fund have been made in accordance with project budgets and guidelines. Note any incongruities or system weaknesses and provide recommendation for improvements.

SCOPE OF THE AUDIT

The scope of our Performance Audit covered the period from when the District received \$40 million in proceeds from the voter approved 2001 General Obligation Bonds through June 30, 2002. 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 were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2002 were not reviewed or included within the scope of our audit.

BACKGROUND INFORMATION

On November 6, 2001, \$221 million in general obligation bonds were authorized by an election held within the Mt. San Antonio Community College District. A Citizens Oversight Committee was appointed in December 2001 to comply with the California Constitution and Education Code. The purpose of the Committee is to inform the public at least annually regarding the appropriate use of the bond proceeds. On May 1, 2002 the first series of bonds in the amount of \$40 million was issued. The total proceeds from the Bond issuance were received by the District (less the original bond issuance costs) and are to be used to finance the construction, acquisition, furnishing and equipping of District facilities. California Constitution, Article 13A, Section 1(b)(3) requires an annual performance audit be conducted to insure that funds have been expended only on the specific projects publicized by the District.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2002 for the Building Fund. Within the year audited, we obtained the actual invoices and other supporting documentation for all expenditures to ensure compliance with Proposition 39/Measure R funding. We performed the following procedures:

- We reviewed the Campus Master Plan Bond Project publicized list of intended projects.
- We selected all expenditures in the fiscal year ending June 30, 2002 and reviewed supporting documentation to ensure that funds were properly expended on the specific projects outlined on the publicized list and met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We verified that funds were generally used for the construction, acquisition, furnishing and equipping of District facilities and we verified that funding was not used for salaries of school administrators or other operating expenses of the District.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

RESULTS OF PROCEDURES

The District put forward 17 projects for use with the bond funding. The District incurred total costs of \$3,294,694 through June 30, 2002 for the following 12 projects:

	<u>Budget</u>	<u>Actual Costs</u>
• Project 1 – Science Laboratories	\$20,000,000	\$1,100,411
• Project 2 – Workforce Training Center	7,200,000	190,981
• Project 3 – Campus-wide Energy Conservation Program	11,000,000	20
• Project 4 – Off-Campus Learning Centers	8,133,675	388
• Project 5 – Agricultural Science	16,500,000	60,248
• Project 11 – Physical Education/Wellness Facility	16,500,000	93,936
• Project 12 – Campus Center	10,000,000	5,250
• Project 13 – Student Support Services Renovations	2,000,000	45,381
• Project 14 – Welding/Air Conditioning Programs	3,000,000	69,844
• Project 15 – English as a Second Language Building	9,000,000	204,543
• Project 16 – Health Careers Center	10,100,000	218,695
• Project 17 – Campus-wide Improvements	54,766,325	1,304,997

Each of the projects has been given a specific project identification number within the District's Building Fund. Budgets for each project are included in the financial reporting system and actual expenditures are matched against this budget.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

RESULTS OF PROCEDURES (continued)

The following outlines results of testing related to material expenditures incurred as of June 30, 2002. Projects with insignificant expenditures and projects with no activity for the audit period were not included.

Construction management costs have been incurred and shared by all projects. Other costs incurred included the following:

Project 1 – Science Laboratories

Current year expenditures were incurred for architectural consulting for the new Science Building. Expenditures appear appropriate to the project.

Project 2 – Workforce Training Center

Current year expenditures were incurred for architectural and engineering services for the development of the design of the Center and other construction documents. Expenditures appear appropriate to the project.

Project 5 – Agricultural Science

An architect was retained to develop a grading plan for the agriculture department and the tractor barn and shed were demolished. Expenditures appear appropriate to the project.

Project 11 – Physical Education/Wellness Facility & Athletic Fields

An architect was retained to develop a plan for improving the athletic fields as well as expanding parking adjacent to the baseball field. Expenditures appear appropriate to the project.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

RESULTS OF PROCEDURES (continued)

Project 13 – Student Support Services Renovation

An architect was retained to provide design services for the renovation of the student Services Center. Expenditures were also incurred to provide networking access upgrades to the 9B Student Services Building. Expenditures appear appropriate to the project.

Project 14 – Welding/Air Conditioning Programs

An architect was retained to provide services for the construction of a classroom Building for Welding and Air Conditioning Programs. Expenditures appear appropriate to the project.

Project 15 – ESL Building

An architect was retained to provide services for the construction of a new ESL Building. Expenditures appear appropriate to the project.

Project 16 – Health Careers Center

An architect was retained to provide services for the construction of a new Health Careers Building. Expenditures appear appropriate to the project.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

RESULTS OF PROCEDURES (continued)

Project 17 – Campus-Wide Improvements

Campus-wide improvement project has been sub-divided into nine specific projects. Significant expenditures were incurred in the following:

- 17e. Campus-wide infrastructure – Expenditures were incurred related to signage, landscape, telecommunications and sewer, water, electrical and drainage planning. Expenditures appear appropriate to the project.
- 17f. Campus-wide improvements – Expenditures were incurred for the installation of doors and the building of ramps and walkways. These expenditures appear appropriate to the project. Expenditures were also incurred for building and furnishing of new office space to be used by construction management. Expenditures appear appropriate for use with bond funds. See the Management Comments and Recommendations section for recommendations related to the accounting of these costs.
- 17g. Music Expansion – Expenditures were incurred for architectural plans to provide expanded space for the music program. Expenditures appear appropriate to the project.
- 17h. Building 23 Renovation - Expenditures were incurred for electrical updates. Expenditures appear appropriate to the project.
- 17j. Construction Support – All construction support costs have been segregated and included in this project. Support expenditures included the cost of a leased trailer and the purchase of equipment and supplies to be used by construction management. This project cost center was also used for amounts paid to the construction management firm for staff services for clerical accounting and special projects related to the bond for both the fiscal services and purchasing departments. Expenditures appear appropriate for use with bond funds. See the Management Comments and Recommendations section for recommendations related to the accounting for these costs.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

CONCLUSION

Based upon our procedures performed, we found that for the items tested, the Mt. San Antonio Community College District has properly accounted for the expenditures of the Proposition 39/Measure R General Obligation Bonds. Further it was noted that the funds were not used for salaries of school administrators or other operating expenditures. We did however note a matter which should be considered related to accounting for and reporting of Bond activity, described in the accompanying schedule of management comments. Our audit does not provide a legal determination on Mt. San Antonio Community College District's compliance with those requirements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
PERFORMANCE AUDIT**

June 30, 2002

(Continued)

MANAGEMENT COMMENTS AND RECOMMENDATIONS

Management Comment: California Constitution, Article 13A, Section 1(b)(3) outlines accountability requirements that must be met as a condition of compliance. These include the requirement to provide a list of the specific school facilities projects to be funded and to verify through an annual independent audit that funding is expended only on the specific projects listed. During our audit of expenditures charged to the various sub-projects included in Project 17 – Campus-Wide Improvement, we experienced some difficulty in associating specific expenditures with specific projects identified within this project group as publicized on the bond project list. This occurred primarily with those expenditures incurred to provide the required facilities, equipment and supplies for use by the project management vendor as well as support costs paid to the vendor for project accounting. The expenditures in question were recorded in project 17f –Campus-wide Improvements and 17j - Construction Support.

Recommendation: As the Campus Wide Improvement project is a rather broad based project description, we recommend that the publicized project list be revised as specific projects are identified and approved for use with bond funding. This will then accurately report to the public all projects that will be undertaken. This recommendation would also apply to any major revisions made to any other projects already outlined in the publicized list.

In addition, in the case of construction support costs for project accounting, the District should consider allocating these costs to the various projects. The District could do this by any reasonable allocation method which could include allocating support expenditures based on a percentage of total expenditures.