

COMPTON COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC GENERAL OBLIGATION BOND FUND
FINANCIAL AUDIT**

Fiscal Year Ending June 30, 2013

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC GENERAL OBLIGATION BOND FUND
FINANCIAL AUDIT

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Bond Oversight Committee
Compton Community College District

Report on the Financial Statements

We have audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure CC General Obligation Bond Fund of the Compton Community College District (the District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Trustees
The Citizens' Bond Oversight Committee
Compton Community College District

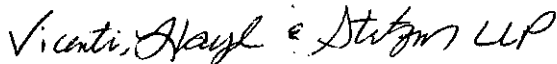
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure CC General Obligation Bond Fund of the District as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014 on our consideration of the District's internal control over the Measure CC General Obligation Bond Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over the Measure CC General Obligation Bond Fund financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the Measure CC General Obligation Bond Fund financial reporting and compliance.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
January 9, 2014

COMPTON COMMUNITY COLLEGE DISTRICT
BALANCE SHEET
MEASURE CC GENERAL OBLIGATION BOND FUND
June 30, 2013

<u>Assets</u>	
Cash in county treasury	\$ 14,893,551
Accounts receivable	34,460
Due from other funds	<u>11,272,939</u>
Total Assets	<u>\$ 26,200,950</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts payable	<u>\$ 3,481,556</u>
Total Liabilities	<u>3,481,556</u>
Fund Balance	
Restricted	<u>22,719,394</u>
Total Fund Balance	<u>22,719,394</u>
Total Liabilities and Fund Balance	<u>\$ 26,200,950</u>

See the accompanying notes to the financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
MEASURE CC GENERAL OBLIGATION BOND FUND
For the Fiscal Year Ended June 30, 2013

Revenues	
Interest and investment income	\$ 119,933
Total Revenues	<u>119,933</u>
Expenditures	
Supplies	9,580
Other services	489,704
Capital outlay	<u>1,234,130</u>
Total Expenditures	<u>1,733,414</u>
Net change in fund balance	(1,613,481)
Fund Balance - Beginning of Year	<u>24,332,875</u>
Fund Balance - End of Year	<u>\$ 22,719,394</u>

See the accompanying notes to the financial statements.

COMPTON COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - MEASURE CC GENERAL OBLIGATION BOND FUND**

For the Fiscal Year Ended June 30, 2013

	Budget *	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest and investment income	\$ 185,000	\$ 119,933	\$ (65,067)
Total Revenues	185,000	119,933	(65,067)
Expenditures			
Supplies		9,580	(9,580)
Other services	13,045,875	489,704	12,556,171
Capital outlay	12,791,910	1,234,130	11,557,780
Total Expenditures	25,837,785	1,733,414	24,104,371
Net change in fund balance	\$ (25,652,785)	(1,613,481)	\$ 24,039,304
Fund Balance - Beginning of Year		24,332,875	
Fund Balance - End of Year		\$ 22,719,394	

* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

FUND STRUCTURE

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure CC General Obligation Bond Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

BASIS OF ACCOUNTING

The Measure CC General Obligation Bond Fund is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

BUDGET

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column entitled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

FUND BALANCE CLASSIFICATION

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the Measure CC General Obligation Bond Fund is therefore classified as restricted.

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure CC General Obligation Bond Fund are determined by its measurement focus. The Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure CC General Obligation Bond Fund are accounted for in the basic financial statements of the District.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

NOTE 2 - INVESTMENT:

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The District is an involuntary participant in the Los Angeles County investment pool. The pool is managed by the Los Angeles County Treasurer and is not registered as an investment company with the Securities Exchange Commission. Oversight of the pool is the responsibility of the County Treasury Oversight Committee. California Government Code statutes and the County Treasury Oversight Committee set forth the various investment policies that the Treasurer follows.

As provided by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to the participating funds based upon the funds' average daily deposit balance during the allocation period.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - INVESTMENT: (continued)

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issure</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligation	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Purchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 dasy	20% of base	None
Medium-Term Corporation Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment pool. The District maintains an investment of \$14,893,551 with the Los Angeles County Investment Pool for Measure CC. The fair value of this investment is approximately \$14,851,909 with an average weighted maturity of 632 days.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - INVESTMENT: (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment pool is not required to be rated, nor has it been rated as of June 30, 2013.

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excess of expenditures over appropriations, by major object accounts occurred in the following:

Supplies	\$9,580
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NOTE 4 – BONDED DEBT:

On November 5, 2002, the District voters authorized the issuance and sale of general obligation bonds totaling \$100,000,000. In January 2004, August 2009, and March 2012, \$41,000,000 of Series A, \$15,000,000 of Series B and \$15,001,122 of Series C, respectively, were sold under Proposition 39 which provides that proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities approved by the voters and that bond proceeds will not be used for salaries of school administrators or other operation expenses of the District. On October 4, 2012, \$14,470,000 of general obligation refunding bonds were sold in order to refund a portion of Series A bonds.

The outstanding related bonded debt for the District at June 30, 2013 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2012</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2013</u>
1/14/2004	3.00-4.00%	\$ 41,000,000	\$ 34,920,000	\$	\$ 15,190,000	\$ 19,730,000
8/27/2009	3.00-6.75%	15,000,000	13,690,000		115,000	13,575,000
3/22/2012	2.59-6.65%	15,001,122	15,001,122			15,001,122
10/4/2012	2.00-5.00%	14,470,000		14,470,000		14,470,000
		<u>\$ 85,471,122</u>	<u>\$ 63,611,122</u>	<u>\$ 14,470,000</u>	<u>\$ 15,305,000</u>	<u>\$ 62,776,122</u>

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Series A

The annual requirements to amortize Series A bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 790,000	\$ 955,400	\$ 1,745,400
2015	910,000	921,400	1,831,400
2016	70,000	901,450	971,450
2017	80,000	898,000	978,000
2018	90,000	893,938	983,938
2019-2023	655,000	4,379,256	5,034,256
2024-2028	13,130,000	3,021,219	16,151,219
2029	4,005,000	100,125	4,105,125
	<u>\$ 19,730,000</u>	<u>\$ 12,070,788</u>	<u>\$ 31,800,788</u>

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Series B

The annual requirements to amortize Series B bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 140,000	\$ 857,664	\$ 997,664
2015	165,000	851,914	1,016,914
2016	190,000	844,695	1,034,695
2017	220,000	835,964	1,055,964
2018	250,000	825,370	1,075,370
2019-2023	1,810,000	3,887,271	5,697,271
2024-2028	3,085,000	2,896,784	5,981,784
2029-2033	5,000,000	1,991,250	6,991,250
2034-2035	<u>2,715,000</u>	<u>278,775</u>	<u>2,993,775</u>
	<u>\$ 13,575,000</u>	<u>\$ 13,269,687</u>	<u>\$ 26,844,687</u>

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Series C

The annual requirements to amortize Series C bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2014	\$	\$ 389,850	\$	\$ 389,850
2015	146,060	389,850	8,940	544,850
2016	150,008	389,850	14,992	554,850
2017	139,192	389,850	20,808	549,850
2018	136,815	389,850	28,185	554,850
2019-2023	1,166,298	1,924,750	183,702	3,274,750
2024-2028	1,330,151	1,816,250	1,594,849	4,741,250
2029-2033	2,655,818	1,816,250	6,794,181	11,266,249
2034-2038	9,276,780	1,473,375	7,438,219	18,188,374
	<u>\$ 15,001,122</u>	<u>\$ 8,979,875</u>	<u>\$ 16,083,876</u>	<u>\$ 40,064,873</u>

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Refunding

The annual requirements to amortize Refunding bonds payable, outstanding as of June 30, 2013, are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 235,000	\$ 692,450	\$ 927,450
2015	35,000	689,750	724,750
2016	965,000	670,100	1,635,100
2017	1,095,000	628,900	1,723,900
2018	1,225,000	576,375	1,801,375
2019-2023	8,605,000	1,743,625	10,348,625
2024	2,310,000	57,750	2,367,750
	<u>\$ 14,470,000</u>	<u>\$ 5,058,950</u>	<u>\$ 19,528,950</u>

The repayment of the debt related to the general obligation bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Compton Community College District's basic financial statements. The recognition of premiums on bonds is recorded as long-term liabilities in the basic financial statements of the District.

NOTE 5 – PURCHASE COMMITMENTS AND CONTINGENCIES:

A. Purchase Commitments

As of June 30, 2013, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$18 million.

B. Litigation

The District is involved in various claims and legal actions related to various construction projects. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Districts' Measure CC General Obligation Bond Fund.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 6 – INTERFUND TRANSACTION:

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The amount due from other funds of \$11,272,939 is from the Capital Outlay Fund for capital project construction subsequently reimbursed by proceeds received from Proposition 1D State Bond Funds.

NOTE 7 – SUBSEQUENT EVENTS:

A. General Obligation Bonds

The District issued General Obligation Bonds, 2002 Election, Series D \$1,475,000 of current interest bonds and \$15,079,972 of capital appreciation bonds on November 13, 2013. Interest rates range from 3.0% to 6.82%.

B. Chevron U.S.A Inc Settlement

The District received payment from a settlement agreement with Chevron Energy Solutions Company, a division of Chevron U.S.A. Inc and Fidelity and Deposit Company of Maryland for \$480,000. This amount was received in October 2013. Due to uncertainty of when the mediation would be settled, the District did not recognize this revenue in 2012-13 fiscal year.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
The Measure CC Citizens' Bond Oversight Committee
Compton Community College District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure CC General Obligation Bond Fund of the Compton Community College District (the District), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated January 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over the Measure CC General Obligation Bond Fund financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

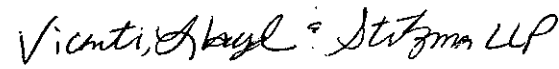
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Measure CC General Obligation Bond Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
January 9, 2014

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

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

There were no findings related to the financial audit of the Measure CC General Obligation Bond Fund for the fiscal year ended June 30, 2013.

**COMPTON COMMUNITY COLLEGE DISTRICT
MEASURE CC GENERAL OBLIGATION BOND FUND**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2013**

FINDING 12-1 – CITIZENS’ BOND OVERSIGHT COMMITTEE

Finding: The District is required under the provisions of Proposition 39 Article XIII A, Section 1(b)(3)(C) of the California Constitution to form a Citizens’ Oversight Committee to review progress on the construction projects. This committee is to be made up of seven members and is to meet at least three times each year. During the 2011-2012 fiscal year, the Citizens’ Oversight Committee was re-formed and met in May and June 2012. This did not meet the requirements of the required Code Section.

Recommendation: The District should continue to work to ensure the ongoing compliance with requirements for the Citizens’ Oversight Committee both in makeup of the committee members and the number of meetings held during the year.

Current Status: Implemented.

COMPTON COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC**

PERFORMANCE AUDIT

Fiscal Year Ending June 30, 2013

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Special Trustee and the Board of Trustees
The Citizens' Bond Oversight Committee
Compton Community College District

We have conducted a performance audit of the Compton Community College District (the "District"), Measure CC General Obligation Bond Fund 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 CC General Obligation Bond Fund 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 certain provisions of 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, for the fiscal year ended June 30, 2013, the District complied, in all significant respects, with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code.

Vicenti Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
January 9, 2014

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT
June 30, 2013

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 CC) of the District was approved by the voters of the District. Measure CC authorized the District to issue up to \$100,000,000 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' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond 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 CC bond authorization. The Citizens' Bond 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 Measure CC General Obligation Bond 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 the *Government Auditing Standards* issued by the Comptroller General of the United States and be submitted to the Citizens' Bond Oversight Committee by March 31st of each year.

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT
June 30, 2013

OBJECTIVES

The objectives of our Performance Audit were to:

- Determine the expenditures charged to the Measure CC General Obligation Bond Fund.
- Determine whether expenditures charged to the Measure CC General Obligation Bond Fund were in accordance with the bond project list approved by the voters through the approval of Measure CC in November 2002.
- Note incongruities, system weaknesses, or non-compliance with specific California Education Code sections related to bond oversight and provide recommendations for improvement.
- Provide the District Trustees and the Measure CC Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution and California Education Code.

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 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, 2013, were not reviewed or included within the scope of our audit or in this report.

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT
June 30, 2013

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 CC General Obligation Bond Fund. 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 CC with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure CC election documents.
- We selected a sample of expenditures 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 on a sample basis that funds from the Measure CC General Obligation Bond Fund were 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 Measure CC General Obligation Bond Fund were not used for salaries of school administrators or other operating expenses of the District.

We reviewed documentation, including the District's website, to verify compliance with certain bond oversight requirements of the California Education Code, including the membership make-up of the Citizens' Bond Oversight Committee, publication of committee proceedings, and the issuance of an annual report to the public.

COMPTON COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT
June 30, 2013

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Measure CC General Obligation Bond Fund and such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Measure CC General Obligation Bond 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, except as noted in the Schedule of Findings and Responses, the District complied with applicable California Education Code requirements, for which the purpose of a Citizens' Bond Oversight Committee is established.

COMPTON COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT**

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

FINDING 13-1 – CITIZENS' BOND OVERSIGHT COMMITTEE

Finding: Per Section 15280 of the Education Code, the Citizens' Bond Oversight Committee shall issue regular reports on the results of its activities and make available the minutes of committee proceedings on the District's website. Although eight meetings were held during the year, only four committee meeting minutes were posted for public record. In addition, during our review of the District's Citizens' Bond Oversight Committee website, we noted that two required committee constituents were not properly represented (business organization and enrolled student) as required by Education Code Section 15282.

Recommendation: The District should properly update and make available to the public any documents and reports received by the Citizens' Bond Oversight Committee, including the minutes of all meetings. In addition, the District should take appropriate steps to insure the composition of the committee complies with the Education Code.

District Response: The District agrees with this recommendation. Though all minutes are available for public record, the District has taken steps to ensure all committee minutes are posted to the District's website for public record. In addition, the District has corrected and updated the Districts' oversight committee website to reflect all committee constitutes.

COMPTON COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
PERFORMANCE AUDIT**

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2013**

FINDING 12-1 – CITIZENS’ BOND OVERSIGHT COMMITTEE

Finding: The District is required under the provisions of Proposition 39 Article XIII A, Section 1(b)(3)(C) of the California Constitution to form a Citizens’ Oversight Committee to review progress on the construction projects. This committee is to be made up of seven members and is to meet at least three times each year. During the 2011-2012 fiscal year, the Citizens’ Oversight Committee was re-formed and met in May and June 2012. This did not meet the requirements of the required Code Section.

Recommendation: The District should continue to work to ensure the ongoing compliance with requirements for the Citizens’ Oversight Committee both in makeup of the committee members and the number of meetings held during the year.

Current Status: Implemented.