

**SOLANO COMMUNITY
COLLEGE DISTRICT**

**GENERAL OBLIGATION BONDS
MEASURE G
PERFORMANCE
AUDIT
JUNE 30, 2011**

SOLANO COMMUNITY COLLEGE DISTRICT

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT

Governing Board and
Measure G Citizens' Bond Oversight Committee
Solano Community College District
Fairfield, California

We were engaged to conduct a performance audit of the Solano Community College Measure G Building Fund for the year ended June 30, 2011.

We conducted our performance 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 basis for our conclusion based on our audit objectives.

Our audit was limited to the objectives listed below, which include determining the District's compliance with the performance requirements as referred to in Article XIII A Section 1(b)(3)(C) of the California Constitution. Management is responsible for Solano Community College District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the Solano Community College Measure G Building Fund's internal control in order to determine if the internal controls were adequate to help ensure the compliance with the requirements of Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control

The results of our tests indicated that the District expended Measure G funds only for the specific projects approved by the voters, in accordance with Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
March 27, 2012

AUTHORITY FOR ISSUE

The Measure G bonds were issued pursuant to the Constitution and Laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County (the Resolution), pursuant to a request of the District made by a resolution adopted by the Board of Education of the District on July 17, 2002.

The District received authorization at an election held on November 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$124,500,000, to finance specific construction and renovation projects approved by eligible voters within the District. The proposition received approval by at least 55 percent of the votes cast by eligible voters within the District (the 2002 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2002 Authorization.

PURPOSE OF ISSUE

The net proceeds of the bonds, and any other series of general obligation bonds issued under the Authorization, will be used for the purposes specified in the District bond proposition submitted at the Election, which includes “to upgrade 30 year old classrooms, science labs, libraries, electrical wiring, technology, heating/ventilation systems, lighting, for student safety, replace portable classrooms, upgrade/ repair/ acquire/ construct/equip science labs, facilities, classrooms, and sites, expand/establish facilities in Vacaville/Vallejo, prepare Solano College students for jobs/four year colleges, shall Solano Community College District issue \$124.5 million in bonds, at legal rates, appoint Citizen’s Oversight Committee, and perform annual audits to ensure the legal/proper use of the funds?”

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act, Proposition 39. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college, and county offices of education, “for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities”, upon the approval of 55% of the electorate. In addition to reducing the approval threshold from two thirds to 55%, Proposition 39 and enacting legislation (AB 1908 and AB 2659), requires the following accountability measures as codified in Education Code Sections 15278-15282:

- 1) Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenditures.
- 2) The district must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
- 3) Requires the district appoint a citizen’s oversight committee.
- 4) Requires the district to conduct an annual independent financial audit, and performance audit in accordance with the Governmental Auditing Standards issued by the Comptroller General of the United States, of the bond proceeds until all of the proceeds have been expended.
- 5) Requires the district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specified projects listed.

OBJECTIVES OF THE AUDIT

- 1) Determine whether expenditures charged to the Measure G Building fund have been made in accordance with the bond project list approved by the voters through the approval of Measure G.
- 2) Determine whether salary transactions, charged to the Measure G Building fund, were in support of Measure G, and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance procedures covered the period of July 1, 2010 to June 30, 2011. The population 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 State or other local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2011 were not reviewed or included in the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2011 for the Measure G Building fund. Within the fiscal year audited, we obtained the actual invoices, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section (b)(3)(C) of the California Constitution and Measure G as to the approved bond project list. We performed the following procedures:

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the Measure G Building Fund.
3. Select at least 25% of the expenditures charged to the Measure G Building Fund; to verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials and the bond official statement.
4. Verify that District's internal control procedures are operating according to District policies.
5. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

RESULTS OF PROCEDURES

1. The general obligation bond fund expenditures were accounted for separately in the Measure G Building Fund of the District.
2. Not applicable – there were no Measure G bond sales during the current year.
3. We reviewed 32% of the expenditures charged to the Measure G Building Fund (see supplemental information for list of expenditures reviewed). Our review of the expenditures for the period July 1, 2010, through June 30, 2011, noted one item for \$6,678 for a software maintenance fee that was paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on November 5, 2002.
4. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the basic internal control policies of the District.
5. Our review of selected awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

CONCLUSION

The results of our tests indicated that other than one item for \$6,678 as noted in # 3 above, the Solano Community College District has properly accounted for the expenditures in held in the Measure G Building Fund and that such expenditures were made for authorized bond projects. Further, it was noted that funds held in the Measure G Building Fund, and expended by the District, were used for salaries of administrators only to the extent that 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.

Vaurinek, Ture, Day & Co LLP

Pleasanton, California
March 27, 2012

SOLANO COMMUNITY COLLEGE DISTRICT

**MEASURE G FUND
SUPPLEMENTAL INFORMATION – EXPENDITURES TESTED
FOR THE YEAR ENDED JUNE 30, 2011**

Warrant Date	Warrant Number	Account Number	Payee	Description from Invoice	Amount
7/26/2010	2511023209	420-5630-442-615000	Sungard Higher Education	Banner Advancement, Oracle Relational Database, & DegreeWorks Maintenance contracts	\$ 25,715.49
9/29/2010	2511025563	420-6200-421-651000	Kitchell CEM	Bond program planning and management consulting for Project 3060 C2	48,848.27
9/29/2010	2511025558	420-6410-423-651000	Carl Zeiss MicroImaging, LLC	Microscopes for science building at Vacaville Center	101,027.92
9/29/2010	2511025570	420-6200-423-651000	tBP Architecture	Architectural services for Building 1300 remodel project	33,728.28
9/29/2010	2511025571	420-6200-434-651000	TLCD Architecture	Renovation Building 1700 Gymnasium	20,204.05
10/18/2010	2511026217	420-6200-421-651000	Kitchell CEM	Bond program planning and management consulting for Project 3060 C2	35,929.21
12/3/2010	2511026868	420-6200-421-651000	Kitchell CEM	Bond program planning and management consulting for Project 3060 C2	40,717.64
1/20/2011	2511028014	420-6200-421-651000	Kitchell CEM	Bond program planning and management consulting for Project 3060 C2	29,734.54
2/1/2011	2511028678	420-6200-423-651000	Roebbelen Contracting Inc.	Vacaville Center new classroom building	361,744.50
2/9/2011	2511028936	420-6200-433-651000	Division of the State Architect	Plan/Field Fee for Building 1300 remodel project	28,674.49
2/24/2011	2511029558	420-6120-453-651000	Custom Pump & Power, Inc.	PACO pumps w/30hp for irrigation project	60,176.31
3/15/2011	2511029976	420-6200-423-651000	Roebbelen Contracting Inc.	Vacaville Center new classroom building	20,273.80
4/27/2011	2511030898	420-6120-453-651000	Weeks Drilling & Pump Co	Construction & installation of irrigation pumping	53,760.22
5/27/2011	2511031368	420-6410-423-651000	Office Depot	Special lateral files for fire at Vacaville Center	22,602.61
6/16/2011	2511031901	420-6200-421-651000	Kitchell CEM	Bond program planning and management consulting for Project 3060 C2	59,550.50
6/16/2011	2511031907	420-6120-448-651000	Syar Industries, Inc.	Asphalt - Track stadium	21,333.36
				Total	964,021.19
				Total Expenditure	3,023,418.00
				% Amount Verified	31.9%