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MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT REPORT

Fiscal Year Ended June 30, 2023

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Citizens' Oversight Committee
Mt. San Jacinto Community College District
San Jacinto, California

We have conducted a performance audit of the Mt. San Jacinto Community College District (the "District") Measure AA General Obligation Bond funds for the year ended June 30, 2023.

The results of our tests indicated that, in all significant respects, Mt. San Jacinto Community College District expended Measure AA General Obligation Bond funds for the year ended June 30, 2023 only for 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.

We conducted our performance audit in accordance with Government 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 conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure AA General Obligation Bonds 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 Mt. San Jacinto Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Mt. San Jacinto Community College 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. Accordingly, we do not express any assurance on the internal controls.

CWDL, Certified Public Accountants

San Diego, California
October 4, 2023

BACKGROUND

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2023**

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts or 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 real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT MEASURE AA GENERAL OBLIGATION BONDS

The Mt. San Jacinto Community College District, Riverside County, California Election of 2014 General Obligation Bonds, Measure AA were authorized at an election of the registered voters of the Mt. San Jacinto Community College District held on November 4, 2014 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$295,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To expand career/support facilities for veterans and military students. To ensure buildings are accessible for the disabled. Upgrading nursing, emergency responder, criminal justice, and vocational job training classrooms. To update science labs, electrical systems, and technology infrastructure. To acquire, construct and repair classrooms, facilities, sites, and equipment."

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2023**

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or 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 real property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the 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 expenses.
2. The district must list the specific school 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 to appoint a citizen's oversight committee.
4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the Government 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 specific projects listed.

PERFORMANCE AUDIT

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
JUNE 30, 2023**

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure AA General Obligation Bond funds for the year ended June 30, 2023 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure AA General Obligation Bond project expenditures for the year ended June 30, 2023 (the "List"). The list of transactions represented \$32,013,726 in expenditures from July 1, 2022 through June 30, 2023.

METHODOLOGY

We performed the following procedures to the List of Measure AA General Obligation Bond project expenditures for the year ended June 30, 2023:

1. We verified that a separate Bond Fund of the District has been established to account for the receipt of Bond proceeds, interest, and expenditure of the funds for the period July 1, 2022 through June 30, 2023.
2. We verified the District has established a Citizens' Bond Oversight Committee comprised of representatives from the seven specific constituency groups required by the Proposition.
3. We verified Citizens' Bond Oversight committee met regularly during the year with agendas and/or minutes of the meetings maintained.
4. We selected a sample of expenditures for the period starting July 1, 2022 and ending June 30, 2023 and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
5. Our sample included transactions totaling \$16,034,285, which represents 50% of the total expenditures and transfers of \$32,013,726.
6. We verified the District used formal bid procedures for those contracts over the construction bid level requirements in accordance with the Education Code requirements and District policies.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT
MEASURE AA GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
JUNE 30, 2023**

CONCLUSION

The results of our tests indicated that, in all significant respects, Mt. San Jacinto Community College District expended Measure AA General Obligation Bond funds for the year ended June 30, 2023 only for the specific projects developed by the District's Governing Board 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.