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**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT REPORT**

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**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
TABLE OF CONTENTS  
JUNE 30, 2021**

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**Page**

Independent Auditors' Report.....1

**PERFORMANCE AUDIT**

Authority.....2

Objectives.....3

Scope.....3

Methodology.....3

Conclusion.....4

**FINDINGS AND RESPONSES SECTION**

Schedule of Findings and Responses.....5

Summary Schedule of Prior Audit Findings.....6



## 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 Bonds for the year ended June 30, 2021.

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 3 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.

The results of our tests indicated that, in all significant respects, Mt. San Jacinto Community College District expended Measure AA General Obligation Bonds funds for the year ended June 30, 2021 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.

*CWDL, Certified Public Accountants*

San Diego, California  
October 20, 2021

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# **PERFORMANCE AUDIT**

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**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
AUTHORITY, OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION  
JUNE 30, 2021**

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**AUTHORITY FOR ISSUANCE**

The Measure AA General Obligation Bonds (the Bonds) are 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 are authorized to be issued by a resolution adopted by the Board of Supervisors of Riverside County (the County Resolution) pursuant to a request of the Mt. San Jacinto Community College District (the District) made by a resolution adopted by the board of Trustees of the District (the District Resolution).

The District received authorization at an election held on November 4, 2014, to issue bonds of the District in an aggregate principal amount not to exceed \$295,000,000, to finance specific construction, equipment, improvement and modernization projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District. The result of the election provided a 59 percent approval of the bond measure.

**PURPOSE OF ISSUANCE**

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.

The purpose of the Bond is 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."

**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 rental 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.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
AUTHORITY, OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION  
JUNE 30, 2021**

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**AUTHORITY FOR THE AUDIT, continued**

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.

**OBJECTIVES OF THE AUDIT**

1. Determine whether expenditures charged to the Measure AA General Obligation Bonds have been made in accordance with the bond project list approved by the voters through the approval of Measure AA Bond Funds.
2. Determine whether salary transactions, charged to the Measure AA General Obligation Bonds were in support of Measure AA Bond Funds and not for District general administration or operations.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the period of July 1, 2020 to June 30, 2021. 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 other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2021 were not reviewed or included within 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, 2021 for the Measure AA General Obligation Bonds. 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 1(b)(3)(C) of the California Constitution and Proposition 39 as to the approved bond projects list.

We performed the following procedures:

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, 2020 through June 30, 2021.
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, 2020 and ending June 30, 2021 and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
AUTHORITY, OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION  
JUNE 30, 2021**

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**PROCEDURES PERFORMED, continued**

5. Our sample included transactions totaling \$25,364,752, which represents 57.7 percent of the total expenditures and transfers of \$43,955,145.
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.

**CONCLUSION**

The results of our tests indicated that, in all significant respects, Mt. San Jacinto Community College District has properly accounted for the expenditures held in the Measure AA General Obligation Bonds and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bonds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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*There were no performance audit findings or questioned costs identified during 2020-21.*



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT  
MEASURE AA GENERAL OBLIGATION BONDS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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*There were no performance audit findings or questioned costs identified during 2019-20.*