

**MEASURE L
PROPOSITION 39 BOND BUILDING FUND
IMPERIAL COMMUNITY
COLLEGE DISTRICT**

AUDIT REPORT

**FOR THE YEAR END
JUNE 30, 2016**

San Diego

Los Angeles

**San Francisco
Bay Area**

christywhite
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
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June 30, 2016**

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**MEASURE L BOND CONSTRUCTION FUND
 IMPERIAL COMMUNITY COLLEGE DISTRICT
 Introduction and Citizens' Oversight Committee Member Listing
 June 30, 2016**

Imperial Community College District (the "District") is located in Imperial County and was established in 1962. The District operates under a locally elected eight-member Board form of government and provides educational services as mandated by the state and federal agencies.

On November 4, 2004, the District's voters approved Measure L, a local facilities bond measure, to provide \$58,600,000 million to address the urgent and critical needs of Imperial College. Measure L has provided funds to the continuing renovation of the 55-year-old campus.

Measure L is a Proposition 39 Bond. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 (Chapter 44, Statutes of 2000), was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Measure L including formation, composition and purpose of the Citizens' Oversight Committee, and authorization for injunctive relief against the improper expenditure of bond revenues.

The Citizens' Oversight Committee had the following members as of June 30, 2016, all of whom were appointed by the District's Board of Trustees with two year terms of office:

Name	Title	Representation	Education Code Section
Ryan D. Childers	Chairperson	Active in a Business Organization	15282(a)(1)
Jerry M. Brittsan	Member	Active in a Bona Fide Taxpayers' Association	15282(a)(3)
Kathy Berry	Member	Senior Citizen Organization	
Alicia Armenta	Member	Community -at- Large	15282(a)
Gabriel Contreras	Member	Community -at- Large	15282(a)
Amy K. Diaz	Member	Student who is Currently Enrolled in the District and Community -at- Large	15282(a)(4)
Harold Walk	Member	Foundation Member Representative	15282(a)

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Imperial Community College District
Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure L Proposition 39 Bond Building Fund of Imperial Community College District (the "Measure L Proposition 39 Bond Building Fund") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure L Proposition 39 Bond Building Fund's basic financial statements as listed in the table of contents.

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 opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit 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, the auditor considers internal control relevant to the entity'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 entity'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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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

As discussed in Note 1A, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure L general obligation bonds as issued by the District, through the County of Imperial, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure L Proposition 39 Bond Building Fund of Imperial Community College District as of June 30, 2016 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 Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Measure L Proposition 39 Bond Building Fund's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017 on our consideration of the Measure L Proposition 39 Bond Building Fund's internal control over 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure L Proposition 39 Bond Building Fund's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated March 1, 2017 on our consideration of the Measure L Proposition 39 Bond Building Fund's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Proposition 39 Bond Building Fund for the Year Ended June 30, 2016 and should be considered in assessing the results of our financial audit.

Christy White Associates

San Diego, California
March 1, 2017

FINANCIAL SECTION

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Balance Sheet
June 30, 2016**

ASSETS

Cash in county treasury \$ -

Total Assets \$ -

LIABILITIES AND FUND BALANCE

FUND BALANCE

Restricted for capital projects \$ -

Total Liabilities and Fund Balance \$ -

**MEASURE L BOND CONSTRUCTION FUND
IMPERIALCOMMUNITY COLLEGE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016**

REVENUES	
Interest Income	\$ 29
Other Local Revenue	216
Total Revenues	<u>245</u>
EXPENDITURES	
Other Operating Expenses	<u>10,394</u>
Total Expenditures	<u>10,394</u>
Net Change in Fund Balance	<u>(10,149)</u>
Fund Balance, July 1, 2015	<u>10,149</u>
Fund Balance, July 1, 2016	<u>\$ -</u>

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements
June 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Imperial Community College District (the "District") is located in Imperial County and was established in 1962. The District operates under a locally elected eight-member Board form of government and provides educational services as mandated by the state and federal agencies.

On November 4, 2004, the District's voters approved Measure L, a local facilities bond measure, to provide \$58,600,000 million to address the urgent and critical needs of Imperial College. Measure L has provided funds to the continuing renovation of the 55-year-old campus.

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Oversight Committee (COC), was established pursuant to the requirements of state law and the provisions of the Measure L Bonds. The COC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The COC provides oversight and advises the public whether the District is spending the Measure L bond funds for school capital improvements within the scope of projects outlined in the Measure L bond project list. In fulfilling its duties, the COC reviews, among other things, the District's annual performance and financial audits of Measure L.

The statements presented are for the individual Proposition 39 Bond Building Fund of the District, consisting of the net construction proceeds of the Measure L General Obligation Bonds as issued by the District, through the County of Imperial, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

B. Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements, continued
JUNE 30, 2016**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Imperial County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's Governing Board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance of the Measure L Bond is considered restricted.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

**MEASURE L BOND CONSTRUCTION FUND
 IMPERIAL COMMUNITY COLLEGE DISTRICT
 Notes to Financial Statements, continued
 JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS

Policies and Practices

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. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Policies and Practices (continued)

Cash 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 accounting 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.

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio
Local Agency bonds, Notes, Warrants	5 years	None
Registered State Bonds, Notes, Warrants	5 years	None
U.S. Treasury Obligations	5 years	0.19%
U.S. Agency Securities	5 years	59.36%
Banker's Acceptance	180 days	None
Commercial Paper	270 days	28%
Negotiable Certificates of Deposit	5 years	11%
Repurchase Agreements	1 year	None
Reverse Repurchase Agreements	92 days	None
Medium-Term Corporate Notes	5 years	None
Mutual Funds	N/A	None
Money Market Mutual Funds	N/A	None
Mortgage Pass-Through Securities	5 years	None
County Pooled Investment Funds	N/A	None
Local Agency Investment Fund (LAIF)	N/A	None
Joint Powers Authority Pools	N/A	None

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Notes to Financial Statements, continued
JUNE 30, 2016**

NOTE 2 – CASH AND INVESTMENTS (continued)

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Cash and Investments

Cash and investments as of June 30, 2016, consist of deposits in the County Treasury, amounting to \$0 cost.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the County Investment Pool and in other investment agreements.

Specific Identification and Credit Risk

Information about the sensitivity of the fair market values of the District's investments to market interest rate fluctuations is indicated by the following schedule that shows the distribution of the District's investment by maturity. 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 County pool is not required to be rated, nor has it been rated as of June 30, 2016. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type. Since all District investment holdings are governmental securities, per California Government Code there is no minimum legal rating.

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. Investments within the Imperial County Investment Pool are rated at least AA+ by Standard & Poors.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

**MEASURE L BOND CONSTRUCTION FUND
 IMPERIAL COMMUNITY COLLEGE DISTRICT
 Notes to Financial Statements, continued
 JUNE 30, 2016**

NOTE 3 – MEASURE L GENERAL OBLIGATION BONDS

As of June 30, 2016, the principal balance outstanding on the District’s Measure L General Obligation Bonds is indicated as follows:

	Issuance Date	Yield	Maturity Date	Amount of Original Issue	July 1, 2015 Balance	Adjustments	Additions	Redeemed Current Year	June 30, 2016 Balance	Due Within One Year
Series 2005	1/20/2005	3.30-7.00%	8/1/2029	\$ 24,500,000	\$ 19,310,000	\$ -	\$ -	\$ 380,000	\$ 18,930,000	\$ 450,000
Series 2006B	11/29/2006	4.00-4.30%	8/1/2031	13,285,473	11,440,473	-	-	775,000	10,665,473	870,000
Series 2007C	11/1/2007	4.00-7.00%	8/1/2031	11,915,816	10,135,816	-	-	520,000	9,615,816	550,000
Series 2009D	5/5/2009	3.60-6.90%	8/1/2034	3,031,779	3,019,343	-	-	39,149	2,980,194	69,818
Series 2009E	5/5/2009	6.90%	8/1/2038	5,866,919	5,866,919	-	-	-	5,866,919	-
Accreted Interest					6,974,127	4,043,954	2,261,605	58,241	13,221,445	-
Bond Premium					425,413	2,422,279	-	154,636	2,693,056	-
				\$ 58,599,987	\$ 57,172,091	\$ 6,466,233	\$ 2,261,605	\$ 1,927,026	\$ 63,972,903	\$ 1,939,818

The annual requirements to amortize all Measure L General Obligation Bond’s payable outstanding as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,939,818	\$ 1,108,786	\$ 3,048,604
2018	2,159,518	1,046,723	3,206,241
2019	1,612,833	1,779,133	3,391,966
2020	2,136,558	1,429,983	3,566,541
2021	2,303,463	1,451,078	3,754,541
2022-2026	12,680,709	9,275,192	21,955,901
2027-2031	15,494,517	12,870,358	28,364,875
2032-2036	7,997,443	28,732,557	36,730,000
2037-2038	1,733,543	12,716,457	14,450,000
Total	48,058,402	70,410,267	118,468,669

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**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**

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Independent Auditors' Report

Governing Board Members and
Measure L Citizens' Oversight Committee
Imperial Community College District
Imperial, California

We have audited, in accordance with the 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 financial statements of the Measure L Proposition 39 Bond Building Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure L Proposition 39 Bond Building Fund's basic financial statements, and have issued our report thereon dated March 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure L Proposition 39 Bond Building Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure L Proposition 39 Bond Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure L Proposition 39 Bond Building Fund'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 entity's 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.

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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 Measure L Proposition 39 Bond Building Fund's 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 noncompliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
March 1, 2017

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board Members and
Measure L Citizens' Oversight Committee
ImperialCommunity College District
Imperial, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure L Proposition 39 Bond Building Fund, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure L Proposition 39 Bond Building Fund's basic financial statements as listed in the table of contents.

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 opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit 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, the auditor considers internal control relevant to the entity'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 entity'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.

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

Objectives

In connection with our audit, we also performed an audit of compliance as required in the performance requirements for the Measure L Bond for the Year Ended June 30, 2016. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the Measure L Bond building fund were only used for the purposes set forth in the Measure L ballot language and not for any other purpose, such as teacher and administrative salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedures Performed:

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure L projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure L funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the fiscal year 2015-16 financial statement balances for the Proposition 39 Bond Building Fund are not materially misstated.

Results of Procedures Performed:

The result of our audit tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unmodified opinion was expressed on the financial statements.

Test of Expenditures

Procedures Performed:

We tested all of the 2015-16 Measure L expenditures for validity, allowability and accuracy. Expenditures tested in our test included payments made to contractors, consultants and other vendors.

Results of Procedures Performed:

We found the expenditures and transfers tested to be in compliance with the terms of the Measure L ballot measure, Facilities Plan, and applicable state laws and regulations without exception.

Test of Contracts and Bid Procedures

Procedures Performed:

For the year ended June 30, 2016, there were no contracts that went out to bid.

Citizens' Bond Oversight Committee

Procedures Performed:

In accordance with AB 1908 (Assembly Bill) and Education Code Section 15278, the District is required to establish a bond oversight committee for Prop 39 bonds including one active member from each of the following sectors: a business organization, senior citizens organization, bona fide taxpayers association, and one parent/guardian of a child enrolled in the District and one parent/guardian of a child enrolled in the District who is also a member of a parent teacher association. The citizens' bond oversight committee (CBOC) is to meet pursuant to Education Code Section 15280.

Results of Procedures Performed:

In reviewing the composition of the CBOC as of June 30, 2016, we noted that all required CBOC representations have been met. Our audit of compliance was made for the purposes set forth in the Objectives section of this report and would not necessarily disclose all instances of noncompliance.

Opinion

In our opinion, based on the fieldwork described above as well as the other tests that we conducted, the District complied with the compliance requirements for the Measure A General Obligation Bonds as listed and tested above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on accountability requirements pursuant to the passage of Proposition 39 and the enactment of AB 1908 (Chapter 44, Statutes of 2000). Accordingly, this report is not suitable for any other purpose.

Christy White Associates

San Diego, California
March 1, 2017

**SCHEDULE OF FINDINGS
AND RECOMMENDATIONS**

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2016**

There were no findings and recommendations related to the financial and performance audit of the Proposition 39 Bond Building Fund for the fiscal year ended June 30, 2016.

**MEASURE L BOND CONSTRUCTION FUND
IMPERIAL COMMUNITY COLLEGE DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2016**

There were no findings and recommendations related to the financial and performance audit of the Proposition 39 Bond Building Fund for the fiscal year ended June 30, 2015.