

MEASURE "R" AND MEASURE "S"
GENERAL OBLIGATION BOND
BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2013



**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT**

For the Fiscal Year Ended June 30, 2013

Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report.....	1
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	4
Notes to Financial Statements	5

SUPPLEMENTARY INFORMATION

Detail Schedule of Expenditures by Location.....	8
--	---

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 <i>Government Auditing Standards</i>	9
Independent Auditors' Report on Performance	11

FINDINGS AND RESPONSES

Schedule of Audit Findings and Responses.....	13
Schedule of Prior Audit Findings.....	14

Financial Section

INDEPENDENT AUDITORS' REPORT

The Board of Education and the
Citizens' Bond Oversight Committee
Moorpark Unified School District
Moorpark, California

We have audited the accompanying balance sheet of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District as of June 30, 2013, and the related statement of revenues, expenditures and changes in fund balance as of and for the year ended June 30, 2013. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

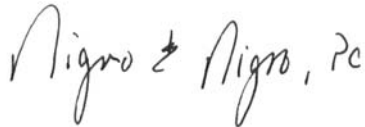
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the individual Measure "R" and Measure "S" General Obligation Bond Building Fund and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District, as of June 30, 2013, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016 on our consideration of the Measure "R" and Measure "S" General Obligation Bond Building Fund of Moorpark Unified School District's internal control over financial reporting and 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Building Fund of Moorpark Unified School District's financial statements as a whole. The other 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC". The signature is written in dark ink and is positioned above the printed text of the signature block.

Murrieta, California
March 14, 2016

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT**

Balance Sheet

June 30, 2013

	<u>Measure "R"</u>	<u>Measure "S"</u>
ASSETS		
Cash	\$ -	\$ 7,291,111
Accounts receivable	-	11,922
Total Assets	<u>\$ -</u>	<u>\$ 7,303,033</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 399,945
Fund Balance		
Restricted for capital projects	-	6,903,088
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 7,303,033</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT**

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended June 30, 2013

	Measure "R"	Measure "S"
REVENUES		
Interest earnings	\$ 81	\$ 48,299
EXPENDITURES		
Current:		
Salaries and benefits	-	293,018
Materials, supplies & non-capitalized equipment	60,802	1,771,250
Services & other operating expenditures	18,021	1,746,536
Capital outlay	-	4,211,473
Total Expenditures	78,823	8,022,277
Net Change in Fund Balance	(78,742)	(7,973,978)
Fund Balance, July 1, 2012	78,742	14,877,066
Fund Balance, June 30, 2013	\$ -	\$ 6,903,088

MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

On March 5, 2002 the District voters authorized \$33 million in General Obligation Bonds (Measure "R") for the purpose of financing the addition and modernization of school facilities for the District. On November 4, 2008 the District voters authorized an additional \$39 million in General Obligation Bonds (Measure "S") for the purpose of financing the addition and modernization of school facilities for the District. In response, an advisory committee to the District's Governing Board and Superintendent, the Citizens Bond Oversight Committee, was established. The Committee's oversight goals include: advising on bond construction priorities, reviewing school bond construction plans, verifying that project plans are in alignment with the budget, and ensuring compliance with conditions of the Measures.

On May 22, 2002, the District issued the first series of Measure "R" bonds, Series 2002A, in the amount of \$22,080,676, on April 20, 2005, the District issued Series B bonds in the amount of \$8,947,684, and on June 20, 2006, the District issued Series C bonds in the amount of \$1,971,510. The bond proceeds and uses are accounted for in the District's Bond Building Fund in sub-fund 213. As of June 30, 2013, the District has completed all Measure "R" projects, and had no remaining funds or authorization under the Measure.

On February 11, 2009 the District issued the first series of Measure "S" bonds, Series 2008A, in the amount of \$11,000,537. On October 20, 2011 the District issued the second series of Measure "S" bonds, Series 2008B, in the amount of \$19,999,575.80. The bond proceeds and uses are accounted for in the District's Bond Building Fund in sub-fund 214.

The statements presented are for the individual Measure "R" and Measure "S" General Obligation Bond Building Fund and are not intended to be a complete presentation of the District's financial position or results of operations.

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 of the Measure "R" and Measure "S" General Obligation Bond Building Fund 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 collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

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. All encumbrances are liquidated as of June 30.

E. 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.

NOTE 2 – CASH

Pooled Funds

In accordance with Education Code Section 41001, the District maintains all of its Building Fund cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2013, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

NOTE 3 – GENERAL OBLIGATION BONDS

A summary of the outstanding Measure "R" and Measure "S" bond debt of the District as of June 30, 2013 is shown below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2012	Additions	Deductions	Balance, June 30, 2013
2002A	5/22/2002	2/1/2027	2.10% to 5.80%	\$ 22,080,676	\$ 2,520,676	\$ -	\$ 795,000	\$ 1,725,676
2002B	4/20/2005	2/1/2030	2.62% to 5.30%	8,947,684	8,752,684	-	45,000	8,707,684
2005 Ref.	4/20/2005	8/1/2023	2.50% to 4.29%	15,940,000	15,735,000	-	-	15,735,000
2002C	6/20/2006	8/1/2016	4.00% to 12.00%	1,971,510	1,001,510	-	250,000	751,510
2008A	2/11/2009	8/1/2033	4.25% to 6.95%	11,000,537	11,000,537	-	-	11,000,537
2008B	10/20/2011	8/1/2042	2.00% to 4.00%	19,999,576	19,999,576	-	340,000	19,659,576
					<u>\$ 59,009,983</u>	<u>\$ -</u>	<u>\$ 1,430,000</u>	<u>\$ 57,579,983</u>

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT**

Notes to Financial Statements

June 30, 2013

NOTE 3 – GENERAL OBLIGATION BONDS (continued)

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

Fiscal Year	Principal	Interest	Total
2013-14	\$ 1,510,000	\$ 1,172,501	\$ 2,682,501
2014-15	1,700,000	1,169,121	2,869,121
2015-16	1,648,196	1,180,162	2,828,358
2016-17	1,870,469	1,132,073	3,002,542
2017-18	2,117,451	1,142,044	3,259,495
2018-23	13,058,536	5,844,117	18,902,653
2023-28	11,525,884	12,935,392	24,461,276
2028-33	8,004,310	22,977,812	30,982,122
2033-38	8,800,270	30,766,494	39,566,764
2038-43	7,344,867	40,425,979	47,770,846
	<u>\$ 57,579,983</u>	<u>\$ 118,745,695</u>	<u>\$ 176,325,678</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 in the amount of \$11,922 for Measure "S" represents the amount due from the County Treasurer for interest earnings for the quarters ended March 31, 2013 and June 30, 2013.

NOTE 5 – CONSTRUCTION COMMITMENTS

As of June 30, 2013, the District had no commitments with respect to unfinished capital projects.

Supplementary Information

**MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF
MOORPARK UNIFIED SCHOOL DISTRICT**

Detail Schedule of Expenditures By Location

June 30, 2013

	Measure "R"		Measure "S"	
	Total 2012-13 Expenditures	Total Cumulative Expenditures	Total 2012-13 Expenditures	Total Cumulative Expenditures
Flory Elementary School	\$ -	\$ 4,861,982	\$ -	\$ -
Mountain Meadows Elementary School	-	3,692,463	-	-
Peach Hill Elementary School	-	5,630,220	-	-
Campus Canyon Elementary School	-	4,240,639	-	-
Walnut Canyon Elementary School	-	1,403,075	-	-
Arroyo West Elementary School	-	3,923,117	-	-
Community High School	-	2,065,095	-	-
Chaparral Middle School	-	4,313,382	-	-
Mesa Verde Middle School	-	708,957	16,142	16,142
Moorpark High School	-	1,202,809	3,390,994	6,887,768
New K-8 School	-	749,384	-	-
All Other Projects	78,823	1,909,309	4,615,141	17,644,114
Total	\$ 78,823	\$ 34,700,432	\$ 8,022,277	\$ 24,548,024

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' 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 Education and the
Citizens' Bond Oversight Committee
Moorpark Unified School District
Moorpark, 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 Measures "R" and "S" General Obligation Bond Building Fund of Moorpark Unified School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Moorpark Unified School District'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 Moorpark Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Moorpark Unified School 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 District'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.

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2013-2 that we consider to be a significant deficiency.

Compliance and Other Matters

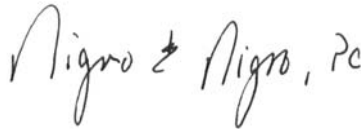
As part of obtaining reasonable assurance about whether Moorpark Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2013-1.

Moorpark Unified School District's Responses to Findings

Moorpark Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Moorpark Unified School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
March 14, 2016

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Board of Education and the
Citizens' Bond Oversight Committee
Moorpark Unified School District
Moorpark, California

We have examined the Moorpark Unified School District's compliance with the performance requirements for the Proposition 39 Measure "R" and Measure "S" General Obligation Bond for the fiscal year ended June 30, 2013, 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 the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Objectives

The objectives of the examination of compliance applicable to the District are to determine with reasonable assurance that:

- The expenditures charged to the Moorpark Unified School District Building Fund are documented.
- Expenditures charged to the Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure "R" and Measure "S".
- Any discrepancies or weaknesses in internal controls are noted and recommendations for improvement are provided.
- The District Board and the Citizens' Oversight Committee are provided with a performance audit report as required under the requirements of the California Constitution and Proposition 39.

Scope of the Audit

The scope of our performance audit covered the fiscal period from July 1, 2012 to June 30, 2013. The 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 also 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.

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 Building 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 "R" and Measure "S" with regards to the approved bond projects list. We performed the following procedures:

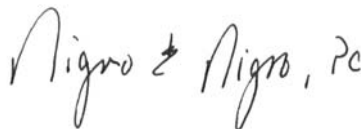
To meet our objectives, audit tests were performed and included, but were not limited to the following:

- We verified that bond funds were deposited in the District's name and invested in accordance with applicable legal requirements.
- We tested approximately \$5.1 million in bond fund invoices paid, which is a combination of 2012-13 expenditures and payments on liabilities accrued as of June 30, 2013 and paid in 2013-14. This includes testing payments for validity, allowability, and accuracy.
- We reviewed the approved project listing as set out in the Measure "R" and Measure "S" election documents.
- We verified that funds from the Building Fund were generally 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 Building Fund were not used for salaries of school administrators or other operating expenses of the District.
- We reviewed a sample of projects to ensure that proper bidding procedures were followed pursuant to Public Contract Code Section 20111.
- We verified that the District did not exceed change order limitations in excess of 10% pursuant to Public Contract Code.

Our audit of compliance made for the purpose set forth in the preceding paragraph would not necessarily disclose all instances of noncompliance.

In our opinion, the District complied with the compliance requirements for the Measure "R" and Measure "S" General Obligation Bond proceeds listed and tested above, except as described in the findings and responses section of this report.

This report is intended for the information of the Board of Education, management and the Citizens' Bond Oversight Committee; however, this report is a matter of public record.



Murrieta, California
March 14, 2016

Findings and Responses

MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

Schedule of Audit Findings and Responses

June 30, 2013

Finding 2013-1: Unallowable Expenditures

During our review of expenditures for Measure "S," we noted that the District incurred \$40,428 for the cost of the annual contract renewal for Zangle, the District's attendance software. The expenditure is not attributable to classroom use, and does not improve student access to modern technology as required in the bond language. Additionally, the expenditure is a normal operating expense of the District, and will continue to be incurred on an ongoing basis after the bond funds are exhausted. Payment of operating expenses with bond funds are considered prohibited by the California Constitution, Article XIII A, Section 1(b)(3)(A), which states that bond proceeds are subject to restricted use and shall not be used for school operating expenses.

Recommendation: We recommend that the District ensure that all items coded to the bond fund fall under the approved project listing for the Bond funds. During the payment process, there should be a second review of what is being applied to the bond fund to ensure that what is actually being processed for payment, is applicable to the bond fund. Additionally, the District should reimburse the bond fund for the entire cost of the renewal fee.

District Response: As we strive to provide our students and parents universal access to their homework, grades, and attendance records, one of the main attributes of purchase and implementation of the Zangle software was just this. The Zangle software was one of the items highlighted in the campaign materials for Measure S to provide parents and students home access to their records. In keeping with the findings of the audit, we have made the software contract part of the General Fund expenditures here forward.

Finding 2013-2: Approval of Expenditures

During the review of expenditures for Measure "S" we noted seven of the forty expenditures in which the approval was dated after the invoice date, indicating that the expenditure was incurred prior to going through the District's pre-approval process. Pre-approval of the expenditure is an important control to ensure that the expenditure is appropriate under bond requirements and falls within budgetary guidelines.

Recommendation: We recommend that all expenditures be pre-approved prior to the ordering of goods and services to ensure their appropriateness and encumbrance by management before the District is obligated to pay.

District Response: While emergencies may arise that call for expenditures to occur immediately, we have instructed staff that no work is to proceed without proper advanced pre-approval occurring. This will ensure proper and appropriate encumbrances will occur.

MEASURE "R" AND MEASURE "S" GENERAL OBLIGATION BOND BUILDING FUND OF MOORPARK UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2013

Original Finding No.	Finding	Recommendation	Current Status
<i>Finding 2012-1: Unallowable Expenditure</i>	During the review of expenditures for Measure "S," we noted that the District spent \$34,330 on the annual contract renewal for Zangle software support services, which is provided by the Ventura County Office of Education. Zangle is the District's attendance software. While the expense is a technological expense, it is not attributable to classroom use as required by the project listing and does not improve student access to modern technology as required in the bond language. Additionally, the expense is a normal operating expense of the District, and will continue to be incurred on an ongoing basis after the bond funds are exhausted. Payment of operating expenses with bond funds is prohibited by the California Constitution, Article XIII A, Section 1(b)(3)(A), which states that bond proceeds are subject to restricted use and shall not be used for school operating expenses.	The District should ensure that all items coded to the bond fund fall under the approved project listing for the Bond funds. During the payment process, there should be a second review of what is being applied to the Bond fund to ensure that what is actually being processed for payment is applicable to the Bond fund. Additionally, the District should reimburse the bond fund for the cost of the renewal fee.	Not Implemented. See Finding 2013-1.
<i>Finding 2012-2: Change Orders Exceeding 10% of Contract Amount</i>	Our testing of five contracts identified one contract that increased more than 10% of the original cost of the contract by way of change orders, which is in violation of Public Contract Code Section 20118.4. To permit changes or alterations to contracts in excess of the ten percent limitation without advertising and letting to the lowest bidder is in conflict with the statute and could present opportunities for favoritism and abuse.	As of June 30, 2012, the work on this contract has been completed and funds have been paid to the contractor. Going out to bid at this point is not feasible for the District. Going forward, we recommend that the District monitor change orders more closely and adhere to Public Contract Code requirements.	Implemented.
<i>Finding 2012-3: Oversight Committee Minutes</i>	Education Code Section 15280(b) states: "Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board." Currently, the District maintains the minutes on the website; however, the minutes have been updated since May of 2011. The physical documents and reports are made available by the Business Services Department.	We recommend the District include the citizen's oversight committee meeting minutes, all documents, and reports on the District's website to be available for public view.	Implemented.