

CITRUS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
FINANCIAL AND PERFORMANCE AUDITS**

Fiscal Year Ended June 30, 2016



CITRUS COMMUNITY COLLEGE DISTRICT

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**FINANCIAL AUDIT OF BOND CONSTRUCTION FUND –
MEASURE G BOND PROGRAM**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, California 91741

Report on the Financial Statements

We have audited the accompanying Measure G financial statements of the Citrus Community College District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's Bond Construction Fund – Measure G Bond Program 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 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 involves performing procedures to obtain 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 District'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.

The Board of Trustees
The Citizens' Oversight Committee
Citrus Community College District

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Bond Construction Fund – Measure G Bond Program of the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of the District's internal control over the Bond Construction Fund – Measure G Bond Program 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 the internal control over the Bond Construction Fund – Measure G Bond Program financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the Bond Construction Fund – Measure G Bond Program financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 14, 2016

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**BALANCE SHEET
June 30, 2016**

ASSETS

Cash in County Treasury	\$ 12,275,630
Interest receivable	42,375
TOTAL ASSETS	<u>\$ 12,318,005</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 912,745
Accrued liabilities	1,674
TOTAL LIABILITIES	<u>914,419</u>

FUND BALANCE

Restricted	11,403,586
TOTAL FUND BALANCE	<u>11,403,586</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,318,005</u>

See the accompanying notes to the financial statements.

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For the Fiscal Year Ended June 30, 2016**

REVENUES

Interest income

\$ 125,829

TOTAL REVENUES

125,829

EXPENDITURES

Classified salaries	191,768
Employee benefits	82,523
Supplies and materials	3,611
Other expenses and services	860,140
Capital outlay	<u>7,009,923</u>
TOTAL EXPENDITURES	<u>8,147,965</u>

Deficiency of revenues over expenditures (8,022,136)

FUND BALANCE AT BEGINNING OF YEAR

19,425,722

FUND BALANCE AT END OF YEAR

\$ 11,403,586

See the accompanying notes to the financial statements.

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest income	\$ 150,000	\$ 125,829	\$ (24,171)
TOTAL REVENUES	<u>150,000</u>	<u>125,829</u>	<u>(24,171)</u>
 EXPENDITURES			
Classified salaries	202,519	191,768	10,751
Employee benefits	92,368	82,523	9,845
Supplies and materials	6,000	3,611	2,389
Other expenses and services	734,667	860,140	(125,473)
Capital outlay	16,373,198	7,009,923	9,363,275
TOTAL EXPENDITURES	<u>17,408,752</u>	<u>8,147,965</u>	<u>9,260,787</u>
 Excess (deficiency) of revenues over expenditures	 \$ (17,258,752)	 (8,022,136)	 \$ <u>9,236,616</u>
 FUND BALANCE AT BEGINNING OF YEAR			 <u>19,425,722</u>
 FUND BALANCE AT END OF YEAR			 <u>\$ 11,403,586</u>

See the accompanying notes to the financial statements.

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Fund Structure

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Bond Construction Fund – Measure G Bond Program related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Basis of Accounting

The Bond Construction Fund – Measure G Bond Program of the Citrus Community College District (the District) is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost which approximates fair value.

Budget

The Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and any amendments throughout the year.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Restricted fund balances are amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

law through constitutional provisions or enabling legislation. The fund balance of the Bond Construction Fund is therefore classified as restricted.

Restricted balances at June 30, 2016 were restricted for the following uses:

Capital projects	\$11,403,586
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Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Construction Fund – Measure G Bond Program are determined by its measurement focus. The Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Bond Construction Fund – Measure G Bond Program are accounted for in the basic financial statements of the District.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2: DEPOSITS

Cash in County

In accordance with the *Budget and Accounting Manual*, the District maintains its cash related to the Bond Construction Fund – Measure G Bond Program in the Los Angeles County Treasury (the County) as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. The fair market value of the District’s Bond Construction Fund – Measure G Bond Program deposits in this pool as of June 30, 2016, as provided by the pool sponsor, was approximately 100.1168% of carrying value.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 2: DEPOSITS

paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method to determine the value of the participant's equity withdrawal is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

NOTE 3: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations, by major object accounts, occurred as follows:

<u>Object account and description</u>	<u>Amount</u>
5000 Other expenses and services	\$ 125,473

NOTE 4: BONDED DEBT

On March 2, 2004, the voters authorized the issuance and sale of Proposition 39, General Obligation Bonds Measure G, totaling \$121,000,000. The proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities approved by the voters; however, proceeds will not be used for salaries of school administrators or other operating expenses of the District.

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 4: BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2016 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2016
Series A	8/25/2004	8/1/2029	2.5 - 5.0%	\$ 22,000,000	\$
Series B	4/10/2007	6/1/2017	4.25 - 5.0%	40,000,000	1,410,000
Series C	6/10/2009	6/1/2034	3.0 - 5.25%	29,995,301	6,405,301
Refunding Series 2013 *	4/24/2013	8/1/2029	2.0 - 5.0%	13,130,000	11,965,000
Series D	6/11/2014	8/1/2038	2.0 - 5.0%	18,997,251	18,937,251
Series E	3/10/2015	8/1/2035	2.5 - 3.5%	10,005,000	10,005,000
Refunding Series 2015 *	3/10/2015	8/1/2031	2.0 - 5.0%	48,685,000	48,185,000
Total					\$ 96,907,552

(*) Refunding Series 2013 - Refunded the outstanding Series A (2004) bonds.

(*) Refunding Series 2015 - Refunded portions of the Series B (2007) and Series C (2009) bonds.

The proceeds for the 2004 Election, Refunding Bonds Series 2013 were placed into an irrevocable escrow account to fund the future required principal and interest payments of the refunded bonds. The outstanding balance of this debt was paid by the escrow agent on August 1, 2014 and as such the refunded bonds are considered fully defeased.

The proceeds for the 2004 Election, Refunding Bonds Series 2015 were also placed into an irrevocable escrow account and will be used to fund the future required principal and interest payments of the refunded bonds. The balance of the in-substance defeased debt as of June 30, 2016 is \$50,960,000 and has an expected final redemption date of June 1, 2019.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Series B

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,410,000	\$ 70,500	\$ 1,480,500

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 4: BONDED DEBT

Series C

<u>Year Ending June 30,</u>		Principal	Accreted Interest	Interest	Total
2017	\$ 775,000	\$		\$ 135,761	\$ 910,761
2018	935,000			104,762	1,039,762
2019	1,105,000			58,011	1,163,011
2020					-
2021					-
2022-2026					-
2027-2031					-
2032-2034	3,590,301		14,684,698		18,274,999
Total	\$ 6,405,301	\$ 14,684,698	\$ 298,534	\$ 21,388,533	

Refunding Series 2013

<u>Year Ending June 30,</u>		Principal	Interest	Total
2017	\$ 440,000	\$ 524,050	\$ 964,050	
2018	615,000	508,225	1,123,225	
2019	670,000	485,600	1,155,600	
2020	700,000	458,200	1,158,200	
2021	725,000	429,700	1,154,700	
2022-2026	4,390,000	1,626,125	6,016,125	
2027-2030	4,425,000	457,625	4,882,625	
Total	\$ 11,965,000	\$ 4,489,525	\$ 16,454,525	

Series D

<u>Year Ending June 30,</u>		Principal	Accreted Interest	Interest	Total
2017	\$	\$		\$ 19,900	\$ 19,900
2018	19,155		845	19,900	39,900
2019	67,670		7,330	19,900	94,900
2020	154,023		20,977	19,900	194,900
2021	254,044		50,956	19,900	324,900
2022-2026	1,895,942		489,058	2,215,325	4,600,325
2027-2031	3,319,293		2,820,707	4,316,250	10,456,250
2032-2036	6,242,619		4,177,381	4,042,500	14,462,500
2037-2039	6,984,505		3,450,495	1,060,500	11,495,500
Total	\$ 18,937,251	\$ 11,017,749	\$ 11,734,075	\$ 41,689,075	

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016**

NOTE 4: BONDED DEBT

Series E

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 394,400	\$ 394,400	\$ 394,400
2018	200,000	391,900	591,900
2019		389,400	389,400
2020		389,400	389,400
2021		389,400	389,400
2022-2026	525,000	1,934,688	2,459,688
2027-2031	2,705,000	1,739,750	4,444,750
2032-2036	6,575,000	558,124	7,133,124
Total	\$ 10,005,000	\$ 6,187,062	\$ 16,192,062

Refunding Series 2015A

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,374,450	\$ 2,374,450	\$ 2,374,450
2018		2,374,450	2,374,450
2019	1,310,000	2,348,250	3,658,250
2020	1,440,000	2,286,050	3,726,050
2021	2,745,000	2,192,275	4,937,275
2022-2026	16,600,000	8,679,500	25,279,500
2027-2031	21,460,000	3,858,500	25,318,500
2032	4,630,000	115,750	4,745,750
Total	\$ 48,185,000	\$ 24,229,225	\$ 72,414,225

The payment of debt related to the Proposition 39 General Obligation Bonds, Measure G, is accounted for in the District's Bond Interest and Redemption Fund which is part of the District's basic financial statements. The recognition of premiums or discounts on debt is recorded as a component of long-term liabilities and any costs of issuance are expensed in the District's basic financial statements.

NOTE 5: PURCHASE COMMITMENTS

As of June 30, 2016, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$1.2 million to be funded with bond proceeds.



Vicenti, Lloyd & Stutzman, CPAs

**INDEPENDENT AUDITOR'S 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 Trustees
The Citizens' Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, California 91741

We have audited, 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, the Bond Construction Fund – Measure G Bond Program financial statements of the Citrus Community College District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's Bond Construction Fund – Measure G Bond Program financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

**INDEPENDENT AUDITOR'S 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***

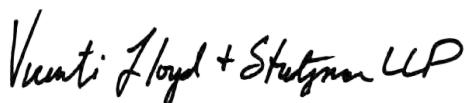
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the District's Bond Construction Fund – Measure G Bond Program 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 non-compliance 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 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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 14, 2016

**CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND – MEASURE G BOND PROGRAM**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2016**

There were no findings related to the financial audits of the Bond Construction Fund – Measure G Bond Program for the years ended June 30, 2016 and 2015.

PERFORMANCE AUDIT OF MEASURE G



Vicenti, Lloyd & Stutzman, CPAs

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, California 91741

We have conducted a performance audit of the Citrus Community College District (the District) Measure G General Obligation Bond funds for the year ended June 30, 2016.

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 findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 19 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure G General Obligation Bond funds 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 net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the 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 internal control.

The results of our tests indicated that, in all significant respects, the District expended Measure G General Obligation Bond Program funds for the fiscal year ended June 30, 2016, only for the specific projects 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.

VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
November 14, 2016

CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS MEASURE G, MARCH 2004 PERFORMANCE AUDIT

June 30, 2016

BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

In March 2004, a general obligation bond proposition (Measure G) of the District was approved by the voters of that District. Measure G authorized the District to issue up to \$121,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Accordingly, the following bonds were issued:

- August 2004 – Series A, in the amount of \$22,000,000
- April 2007 – Series B, in the amount of \$40,000,000
- June 2009 – Series C, in the amount of \$29,995,301
- April 2013 – Refunding Bonds Series 2013, in the amount of \$13,130,000 (refunded the outstanding balance of Series A)
- June 2014 – Series D, in the amount of \$18,997,251
- March 2015 – Series E, in the amount of \$10,005,000
- March 2015 – Refunding Bonds Series 2015A, in the amount of \$48,685,000 (refunded portions of Series B and Series C)

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure G bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Bond Construction Fund – Measure G Bond Program have been expended only for the authorized bond projects. Consistent with this provision, Section 15286 of the California

CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS MEASURE G, MARCH 2004 PERFORMANCE AUDIT

June 30, 2016

BACKGROUND INFORMATION

Education Code requires the performance audit to be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States and be submitted to the Citizens' Oversight Committee by March 31 of each year.

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Bond Construction Fund – Measure G Bond Program.
- Determine whether expenditures charged to the Bond Construction Fund – Measure G Bond Program have been made in accordance with the bond project list approved by the voters through the approval of Measure G in March 2004.
- Note any incongruities or system weaknesses and provide recommendations for improvements.
- Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the provisions of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2015 to June 30, 2016. The sample of expenditures tested included 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 not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2016, 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, 2016, for the Bond Construction Fund – Measure G Bond Program. 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 G with regards to the approved bond projects list.

CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS MEASURE G, MARCH 2004 PERFORMANCE AUDIT

June 30, 2016

PROCEDURES PERFORMED

We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure G election documents.
- We selected a sample of expenditures for the year ended June 30, 2016 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We verified, on a sample basis, that funds from the Bond Construction Fund – Measure G Bond Program were expended on the authorized bond projects. In addition, we verified that funds held in the Bond Construction Fund – Measure G Bond Program were used for salaries of administrators only to the extent 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.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Bond Construction Fund – Measure G Bond Program and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Bond Construction Fund – Measure G Bond Program and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects.