

CITRUS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
FINANCIAL AUDIT**

Fiscal Year Ended June 30, 2006

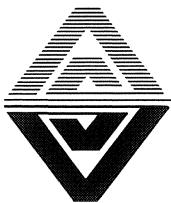
CITRUS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
FINANCIAL AUDIT**

June 30, 2006

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, CA 91740-1899

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Citrus Community College District, as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated September 15, 2006. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Bond Construction Fund – Measure G Bond Program of the Citrus Community College District as of June 30, 2006. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Bond Construction Fund - Measure G Bond Program in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 for the Bond Construction Fund – Measure G Bond Program are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Construction Fund – Measure G Bond Program 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Bond Construction Fund – Measure G Bond Program of the Citrus Community College District as of June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

September 15, 2006

2210 E. ROUTE 66, STE. 100, GLENDOORA, CA 91740

CITRUS COMMUNITY COLLEGE DISTRICT

BALANCE SHEET
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
June 30, 2006

ASSETS

Cash in County Treasury	\$ 12,547,700
Interest Receivable	206,343
TOTAL ASSETS	<u>\$ 12,754,043</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 1,288,582
TOTAL LIABILITIES	<u>1,288,582</u>

FUND BALANCE

Designated for Special Purposes	<u>11,465,461</u>
TOTAL FUND BALANCE	<u>11,465,461</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,754,043</u>

See the accompanying notes to the financial statements.

CITRUS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
For the Fiscal Year Ended June 30, 2006**

REVENUES

Interest Income	\$ 646,958
TOTAL REVENUES	<u>646,958</u>

EXPENDITURES

Certificated Salaries	27,088
Classified Salaries	214,442
Employee Benefits	55,088
Supplies and Materials	1,435
Other Expenses and Services	1,609,049
Capital Outlay	<u>8,279,019</u>
TOTAL EXPENDITURES	<u>10,186,121</u>

Deficiency of Revenues over Expenditures	(9,539,163)
Fund Balance at Beginning of Year	<u>21,004,624</u>
Fund Balance at End of Year	<u>\$ 11,465,461</u>

See the accompanying notes to the financial statements.

CITRUS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
For the Fiscal Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 420,093	\$ 646,958	\$ 226,865
TOTAL REVENUES	<u>420,093</u>	<u>646,958</u>	<u>226,865</u>
EXPENDITURES			
Certificated Salaries	55,632	27,088	28,544
Classified Salaries	287,343	214,442	72,901
Employee Benefits	93,533	55,088	38,445
Supplies and Materials	5,415	1,435	3,980
Other Expenses and Services	2,464,503	1,609,049	855,454
Capital Outlay	<u>14,762,428</u>	<u>8,279,019</u>	<u>6,483,409</u>
TOTAL EXPENDITURES	<u>17,668,854</u>	<u>10,186,121</u>	<u>7,482,733</u>
Deficiency of Revenues over Expenditures	<u>\$ (17,248,761)</u>	<u>(9,539,163)</u>	<u>\$ 7,709,598</u>
Fund Balance at Beginning of Year		<u>21,004,624</u>	
Fund Balance at End of Year		<u>\$ 11,465,461</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 June 30, 2006

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, this statement does 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 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, in accordance with the requirements of GASB Statement No. 31.

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 all amendments throughout the year.

CITRUS COMMUNITY COLLEGE DISTRICT

BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM NOTES TO THE FINANCIAL STATEMENTS June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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 Citrus Community College District.

NOTE 2 – PURCHASE COMMITMENTS:

As of June 30, 2006, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$19,664,000 to be funded with bond proceeds.

NOTE 3 – BONDED DEBT:

On March 2, 2004, the voters authorized the issuance and sale of general obligation bonds totaling \$121,000,000. In August 2004, \$22,000,000 of general obligation bonds were sold under Proposition 39/Measure G which provides that proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities and that bond proceeds will not be used for salaries of school administrators or other operating expenses of the District.

The outstanding related bonded debt for the Citrus Community College District at June 30, 2006 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2005</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2006</u>
8/25/2004	2.50-5.00%	8/1/2029	\$22,000,000	\$22,000,000	\$0	\$2,500,000	\$19,500,000

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006

NOTE 3 – BONDED DEBT: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2005, are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 2,400,000	\$ 814,275	\$ 3,214,275
2008	460,000	778,525	1,238,525
2009	470,000	766,313	1,236,313
2010	485,000	752,575	1,237,575
2011	500,000	737,175	1,237,175
2012-2016	2,770,000	3,381,450	6,151,450
2017-2021	3,505,000	2,659,425	6,164,425
2022-2026	4,485,000	1,690,125	6,175,125
2027-2030	<u>4,425,000</u>	<u>457,625</u>	<u>4,882,625</u>
Totals	<u>\$19,500,000</u>	<u>\$12,037,488</u>	<u>\$31,537,488</u>

The repayment of the debt related to the Measure G General Obligation Bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Citrus Community College District's basic financial statements.

NOTE 4 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

No excess of expenditures over appropriations, by major object accounts, occurred in the Bond Construction Fund – Measure G Bond Program.

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**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 Citizen's Oversight Committee
Citrus Community College District
1000 W. Foothill Blvd.
Glendora, CA 91740-1899

We have audited the Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Bond Construction Fund – Measure G Bond Program of the Citrus Community College District as of and for the year ended June 30, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Citrus Community College District's internal control over Bond Construction Fund – Measure G Bond Program financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the Fund financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over the Bond Construction Fund – Measure G Bond Program financial reporting would not necessarily disclose all matters in the internal control over Bond Construction Fund – Measure G Bond Program financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the Bond Construction Fund – Measure G Bond Program financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over the Bond Construction Fund – Measure G Bond Program financial reporting and its operation that we consider to be a material weakness.

**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**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Citrus Community College 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 of the Bond Construction Fund – Measure G Bond Program disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board, Citizen's Oversight Committee, management, the California Department of Finance and the State Chancellor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

September 15, 2006

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2006**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund - Measure G Bond Program for the fiscal year ended June 30, 2006.