

**CITRUS COMMUNITY COLLEGE DISTRICT**

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

**Fiscal Year Ended June 30, 2009**

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE G, MARCH 2004**  
**FINANCIAL AUDIT**

**June 30, 2009**

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## INDEPENDENT AUDITORS' 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, 2009, and have issued our report thereon dated October 27, 2009. 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, 2009. 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 *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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, 2009, in conformity with accounting principles generally accepted in the United States of America.

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

October 27, 2009

**CITRUS COMMUNITY COLLEGE DISTRICT**

**BALANCE SHEET**

**BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM**

**June 30, 2009**

**ASSETS**

Cash in County Treasury	\$ 34,544,932
Interest Receivable	<u>50,560</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 34,595,492</u></b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts Payable	<u>\$ 1,831,801</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,831,801</u></b>

**FUND BALANCE**

Designated for Special Purposes	<u>32,763,691</u>
<b>TOTAL FUND BALANCE</b>	<b><u>32,763,691</u></b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 34,595,492</u></b>
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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, 2009**

**REVENUES**

Interest Income	\$ 334,551
<b>TOTAL REVENUES</b>	<u>334,551</u>

**EXPENDITURES**

Classified Salaries	171,551
Employee Benefits	61,935
Supplies and Materials	3,748
Other Expenses and Services	2,076,268
Capital Outlay	<u>11,509,874</u>
<b>TOTAL EXPENDITURES</b>	<u>13,823,376</u>

Deficiency of Revenues over Expenditures	<u>(13,488,825)</u>
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**OTHER FINANCING SOURCES**

Proceeds from Sale of Bonds	<u>29,995,302</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>29,995,302</u>

Excess of Revenues over Expenditures and Other Sources	16,506,477
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Fund Balance at Beginning of Year	<u>16,257,214</u>
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Fund Balance at End of Year	<u><u>\$ 32,763,691</u></u>
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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, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Interest Income	\$ 500,000	\$ 334,551	\$ (165,449)
<b>TOTAL REVENUES</b>	<u>500,000</u>	<u>334,551</u>	<u>(165,449)</u>
<b>EXPENDITURES</b>			
Classified Salaries	223,147	171,551	51,596
Employee Benefits	84,207	61,935	22,272
Supplies and Materials	142,883	3,748	139,135
Other Expenses and Services	2,862,612	2,076,268	786,344
Capital Outlay	<u>13,444,365</u>	<u>11,509,874</u>	<u>1,934,491</u>
<b>TOTAL EXPENDITURES</b>	<u>16,757,214</u>	<u>13,823,376</u>	<u>2,933,838</u>
Deficiency of Revenues over Expenditures	<u>(16,257,214)</u>	<u>(13,488,825)</u>	<u>(3,099,287)</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Bonds	<u>29,995,302</u>	<u>29,995,302</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>29,995,302</u>	<u>29,995,302</u>	<u>-</u>
Excess of Revenues over Expenditures and Other Sources	<u>\$ 13,738,088</u>	16,506,477	<u>\$ 2,768,389</u>
Fund Balance at Beginning of Year		<u>16,257,214</u>	
Fund Balance at End of Year		<u>\$ 32,763,691</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, 2009**

#### **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, 2009**

**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, 2009, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$8.5 million 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, April 2007 and June 2009, \$22,000,000 of General Obligation Bonds Series A, \$40,000,000 of Series B and \$29,995,302 of Series C, respectively, 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 approved by the voters and that bond 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**

**June 30, 2009**

**NOTE 3 – BONDED DEBT: (continued)**

The outstanding related bonded debt for the Citrus Community College District at June 30, 2009 are:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2009</u>
8/25/2004 A	2.5 - 5.0%	8/1/2029	\$ 22,000,000	\$ 16,640,000	\$	\$ 470,000	\$ 16,170,000
4/10/2007 B	4.25 - 5.0%	6/1/2031	40,000,000	39,685,000		1,820,000	37,865,000
6/10/2009 C	3.0-5.25%	6/1/2034	29,995,301		29,995,301		29,995,301
			<u>\$ 91,995,301</u>	<u>\$ 56,325,000</u>	<u>\$ 29,995,301</u>	<u>\$ 2,290,000</u>	<u>\$ 84,030,301</u>

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2009, are as follows:

**Series A**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 485,000	\$ 752,575	\$ 1,237,575
2011	500,000	737,175	1,237,175
2012	515,000	720,037	1,235,037
2013	530,000	701,088	1,231,088
2014	550,000	680,150	1,230,150
2015-2019	3,175,000	2,974,312	6,149,312
2020-2024	4,055,000	2,114,538	6,169,538
2025-2029	5,170,000	968,750	6,138,750
2030	<u>1,190,000</u>	<u>29,750</u>	<u>1,219,750</u>
Totals	<u>\$ 16,170,000</u>	<u>\$ 9,678,375</u>	<u>\$ 25,848,375</u>

**CITRUS COMMUNITY COLLEGE DISTRICT**

**BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 3 – BONDED DEBT: (continued)**

**Series B**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 725,000	\$ 1,837,812	\$ 2,562,812
2011	895,000	1,807,000	2,702,000
2012	975,000	1,768,962	2,743,962
2013	1,075,000	1,725,088	2,800,088
2014	1,230,000	1,672,338	2,902,338
2015-2019	7,065,000	7,432,636	14,497,636
2020-2024	9,005,000	5,489,060	14,494,060
2025-2029	11,490,000	3,006,336	14,496,336
2030-2031	<u>5,405,000</u>	<u>388,076</u>	<u>5,793,076</u>
Totals	<u>\$ 37,865,000</u>	<u>\$ 25,127,308</u>	<u>\$ 62,992,308</u>

**Series C**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2010	\$	\$ 1,282,902	\$	\$ 1,282,902
2011		1,374,537		1,374,537
2012		1,374,538		1,374,538
2013	125,000	1,374,537		1,499,537
2014	260,000	1,370,788		1,630,788
2015-2019	3,990,000	6,565,187		10,555,187
2020-2024	7,110,000	4,328,300		11,438,300
2025-2029	9,940,000	3,965,263		13,905,263
2030-2034	<u>8,570,301</u>	<u>414,425</u>	<u>14,684,698</u>	<u>23,669,424</u>
Totals	<u>\$ 29,995,301</u>	<u>\$ 22,050,477</u>	<u>\$ 14,684,698</u>	<u>\$ 66,730,476</u>

The payment of 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.

**CITRUS COMMUNITY COLLEGE DISTRICT**  
**BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2009**

**NOTE 4 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

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



**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, 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, 2009. 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 of America.

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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Bond Construction Fund – Measure G Bond Program financial statement that is more than inconsequential will not be prevented or detected by the District's internal control.



**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***

Internal Control Over Financial Reporting (continued)

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Bond Construction Fund – Measure G Bond Program financial statements will not be prevented or detected by the District’s internal control.

Our consideration of internal control over Bond Construction Fund – Measure G Bond Program financial reporting was for the limited purpose described in the first paragraph of this section and could not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, non-compliance 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 and Citizens’ Oversight Committee, management, 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

October 27, 2009

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2009**

There were no findings and questioned costs related to the financial audit of the Bond Construction Fund - Measure G Bond Program for the fiscal years ended June 30, 2008 and June 30, 2009.