

CITRUS COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended June 30, 2012

CITRUS COMMUNITY COLLEGE DISTRICT

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

June 30, 2012

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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, 2012, and have issued our report thereon dated November 5, 2012. 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, 2012. 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, 2012, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012 on our consideration of the Citrus Community College District's internal control over the Bond Construction Fund – Measure G Bond Program 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 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* and should be considered in assessing the results of our audit.

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

November 5, 2012

CITRUS COMMUNITY COLLEGE DISTRICT

BALANCE SHEET

BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM

June 30, 2012

ASSETS

Cash in County Treasury	\$ 7,624,863
Interest Receivable	<u>16,021</u>
TOTAL ASSETS	<u>\$ 7,640,884</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 385,812
TOTAL LIABILITIES	<u>385,812</u>

FUND BALANCE

Restricted	<u>7,255,072</u>
TOTAL FUND BALANCE	<u>7,255,072</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,640,884</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
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM**

For the Fiscal Year Ended June 30, 2012

REVENUES

Interest Income	\$ 92,823
TOTAL REVENUES	<u>92,823</u>

EXPENDITURES

Classified Salaries	308,740
Employee Benefits	126,573
Supplies and Materials	8,412
Other Expenses and Services	649,228
Capital Outlay	<u>2,727,204</u>
TOTAL EXPENDITURES	<u>3,820,157</u>

Deficiency of Revenues over Expenditures	(3,727,334)
Fund Balance at Beginning of Year	<u>10,982,406</u>
Fund Balance at End of Year	<u>\$ 7,255,072</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, 2012**

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 120,000	\$ 92,823	\$ (27,177)
TOTAL REVENUES	<u>120,000</u>	<u>92,823</u>	<u>(27,177)</u>
EXPENDITURES			
Classified Salaries	313,740	308,740	5,000
Employee Benefits	127,489	126,573	916
Supplies and Materials	52,181	8,412	43,769
Other Expenses and Services	1,288,967	649,228	639,739
Capital Outlay	<u>6,386,015</u>	<u>2,727,204</u>	<u>3,658,811</u>
TOTAL EXPENDITURES	<u>8,168,392</u>	<u>3,820,157</u>	<u>4,348,235</u>
Deficiency of Revenues over Expenditures	<u>\$ (8,048,392)</u>	<u>(3,727,334)</u>	<u>\$ 4,321,058</u>
Fund Balance at Beginning of Year		<u>10,982,406</u>	
Fund Balance at End of Year	<u>\$ 7,255,072</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, 2012

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, 2012

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

FUND BALANCE CLASSIFICATION

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. The classifications available in governmental fund financial statements are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Bond Construction Fund is restricted as described below:

Restricted: 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 law through constitutional provisions or enabling legislation.

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 – DEPOSITS:

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 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, 2012, as provided by the pool sponsor, was \$7,634,253. Interest earned is deposited quarterly into the participating fund. Any investment losses are proportionately shared by all funds in the pool.

CITRUS COMMUNITY COLLEGE DISTRICT

**BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012**

NOTE 3 – PURCHASE COMMITMENTS:

As of June 30, 2012, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$3.6 million to be funded with bond proceeds.

NOTE 4 – 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 \$29,995,301 of Series C, respectively, were sold under the General Obligation Bond Proposition, 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.

The outstanding related bonded debt for the Citrus Community College District at June 30, 2012 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, 2011</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2012</u>
8/25/2004 A	2.5 - 5.0%	8/1/2029	\$ 22,000,000	\$ 15,185,000	\$	\$ 515,000	\$ 14,670,000
4/10/2007 B	4.25 - 5.0%	6/1/2031	40,000,000	36,245,000		\$ 975,000	35,270,000
6/10/2009 C	3.0 - 5.25%	6/1/2034	<u>29,995,301</u>	<u>29,995,301</u>	<u>\$ 81,425,301</u>	<u>\$ -</u>	<u>\$ 1,490,000</u>

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – BONDED DEBT: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2012, are as follows:

Series A

<u>Year Ended</u>	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 530,000	\$ 701,088	\$ 1,231,088	
2014	550,000	680,150	1,230,150	
2015	575,000	654,775	1,229,775	
2016	600,000	625,400	1,225,400	
2017	635,000	596,112	1,231,112	
2018-2022	3,680,000	2,488,563	6,168,563	
2023-2027	4,675,000	1,461,125	6,136,125	
2028-2030	<u>3,425,000</u>	<u>261,375</u>	<u>3,686,375</u>	
Totals	<u>\$ 14,670,000</u>	<u>\$ 7,468,588</u>	<u>\$ 22,138,588</u>	

Series B

<u>Year Ended</u>	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,075,000	\$ 1,725,088	\$ 2,800,088	
2014	1,230,000	1,672,338	2,902,338	
2015	1,285,000	1,615,988	2,900,988	
2016	1,340,000	1,558,162	2,898,162	
2017	1,410,000	1,491,162	2,901,162	
2018-2022	8,170,000	6,326,310	14,496,310	
2023-2027	10,425,000	4,069,060	14,494,060	
2028-2031	<u>10,335,000</u>	<u>1,255,426</u>	<u>11,590,426</u>	
Totals	<u>\$ 35,270,000</u>	<u>\$ 19,713,534</u>	<u>\$ 54,983,534</u>	

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 – BONDED DEBT: (continued)

Series C

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
<u>June 30</u>				
2013	\$ 125,000	\$ 1,374,537	\$	\$ 1,499,537
2014	260,000	1,370,788		1,630,788
2015	475,000	1,362,987		1,837,987
2016	700,000	1,348,738		2,048,738
2017	775,000	1,320,737		2,095,737
2018-2022	6,030,000	5,885,525		11,915,525
2023-2027	8,680,000	4,028,313		12,708,313
2028-2032	10,581,530	1,326,875	4,528,470	16,436,875
2033-2034	<u>2,368,771</u>	<u>10,156,228</u>		<u>12,524,999</u>
Totals	<u>\$ 29,995,301</u>	<u>\$ 18,018,500</u>	<u>\$ 14,684,698</u>	<u>\$ 62,698,499</u>

The payment of debt related to the General Obligation Bonds, Measure G, 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 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

No excess of expenditures over appropriations, by major object amounts, 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, 2012. 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

Management of Citrus Community College District is responsible for establishing and maintaining effective 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 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.

**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)

Our consideration of internal control over fund financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 noncompliance 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, Citizens' Oversight Committee, and 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

November 5, 2012

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2012**

There were no findings and responses related to the financial audit of the Bond Construction Fund – Measure G Bond Program for the fiscal years ended June 30, 2012 and June 30, 2011.