

CITRUS COMMUNITY COLLEGE DISTRICT

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

Fiscal Year Ended June 30, 2013

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

June 30, 2013

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-2
Balance Sheet – Bond Construction Fund – Measure G Bond Program.....	3
Statement of Revenues, Expenditures and Change in Fund Balance – Bond Construction Fund – Measure G Bond Program.....	4
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Bond Construction Fund – Measure G Bond Program...	5
Notes to Financial Statements.....	6-11
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 .	12-13
Schedule of Findings and Responses.....	14

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have 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 Measure G Bond Construction Fund of the Citrus Community College District (the District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's Measure G Bond Construction Fund 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.

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

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, we consider 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 District'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.

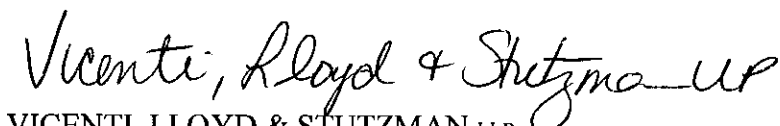
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure G Bond Construction Fund of the District as of June 30, 2013, 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 4, 2013 on our consideration of the District's internal control over the Measure G Bond Construction Fund 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 Measure G Bond Construction Fund 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 Measure G Bond Construction Fund financial reporting and compliance.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA

November 4, 2013

CITRUS COMMUNITY COLLEGE DISTRICT

BALANCE SHEET

BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM

June 30, 2013

ASSETS

Cash in County Treasury	\$ 5,443,318
Interest Receivable	<u>13,374</u>
TOTAL ASSETS	<u>\$ 5,456,692</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	<u>\$ 245,251</u>
TOTAL LIABILITIES	<u>245,251</u>

FUND BALANCE

Restricted	<u>5,211,441</u>
TOTAL FUND BALANCE	<u>5,211,441</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,456,692</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, 2013

REVENUES

Interest Income \$ 42,402

TOTAL REVENUES 42,402

EXPENDITURES

Classified Salaries 250,151

Employee Benefits 99,555

Supplies and Materials 6,742

Other Expenses and Services 359,496

Capital Outlay 1,370,089

TOTAL EXPENDITURES 2,086,033

Net change in fund balance (2,043,631)

Fund Balance at Beginning of Year 7,255,072

Fund Balance at End of Year \$ 5,211,441

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, 2013**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest Income	\$ 50,000	\$ 42,402	\$ (7,598)
TOTAL REVENUES	<u>50,000</u>	<u>42,402</u>	<u>(7,598)</u>
EXPENDITURES			
Classified Salaries	264,969	250,151	14,818
Employee Benefits	113,369	99,555	13,814
Supplies and Materials	6,035	6,742	(707)
Other Expenses and Services	1,866,841	359,496	1,507,345
Capital Outlay	<u>5,053,858</u>	<u>1,370,089</u>	<u>3,683,769</u>
TOTAL EXPENDITURES	<u>7,305,072</u>	<u>2,086,033</u>	<u>5,219,039</u>
Net change in fund balance	<u>\$ (7,255,072)</u>	(2,043,631)	<u>\$ 5,211,441</u>
Fund Balance at Beginning of Year		<u>7,255,072</u>	
Fund Balance at End of Year		<u>\$ 5,211,441</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, 2013

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, 2013

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.

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.

CITRUS COMMUNITY COLLEGE DISTRICT

BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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, 2013, as provided by the pool sponsor, was \$5,428,099. Interest earned is deposited quarterly into the participating fund. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 – PURCHASE COMMITMENTS:

As of June 30, 2013, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$2.6 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.

On April 24, 2013 the District issued 2004 Election, 2013 Refunding Bonds Series 2013 for \$13,130,000 of current interest bonds. The bond was issued to refund the remaining portion of Series A (2004) bonds.

The proceeds were placed into an irrevocable escrow account and will be used to fund the future required principal and interest payments of the refunded bonds. The cash flow savings from the refunding is \$1,804,515 and the present value of the economic gain to the District and taxpayers is \$1,687,567.

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 – BONDED DEBT: (continued)

The outstanding related bonded debt for the Citrus Community College District at June 30, 2013 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, 2012</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2013</u>
8/25/2004 A	2.5 - 5.0%	8/1/2029	\$ 22,000,000	\$ 14,670,000	\$	\$ 14,670,000	\$ -
4/10/2007 B	4.25 - 5.0%	6/1/2031	40,000,000	35,270,000		1,075,000	34,195,000
6/10/2009 C	3.0 - 5.25%	6/1/2034	29,995,301	29,995,301		125,000	29,870,301
4/24/2013 Refunding	2.0 - 5.0%	8/1/2029	13,130,000		13,130,000		13,130,000
			<u>\$ 105,125,301</u>	<u>\$ 79,935,301</u>	<u>\$ 13,130,000</u>	<u>\$ 15,870,000</u>	<u>\$ 77,195,301</u>

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

Series B

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,480,000	1,420,662	2,900,662
2019-2023	8,575,000	5,917,810	14,492,810
2024-2028	10,950,000	3,547,810	14,497,810
2029-2031	<u>7,925,000</u>	<u>764,514</u>	<u>8,689,514</u>
Totals	<u>\$ 34,195,000</u>	<u>\$ 17,988,446</u>	<u>\$ 52,183,446</u>

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 – BONDED DEBT: (continued)

Series C

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
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	935,000	1,289,738		2,224,738
2019-2023	6,615,000	5,571,287		12,186,287
2024-2028	9,290,000	3,567,613		12,857,613
2029-2033	9,634,117	812,075	9,370,883	19,817,075
2034	<u>1,186,184</u>	<u>-</u>	<u>5,313,815</u>	<u>6,499,999</u>
Totals	<u>\$ 29,870,301</u>	<u>\$ 16,643,963</u>	<u>\$ 14,684,698</u>	<u>\$ 61,198,962</u>

Series 2013 Refunding

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 460,000	\$ 402,685	\$ 862,685
2015	350,000	544,800	894,800
2016	355,000	535,975	890,975
2017	440,000	524,050	964,050
2018	615,000	508,225	1,123,225
2019-2023	3,645,000	2,142,500	5,787,500
2024-2028	4,940,000	1,197,125	6,137,125
2029-2030	<u>2,325,000</u>	<u>117,625</u>	<u>2,442,625</u>
Totals	<u>\$ 13,130,000</u>	<u>\$ 5,972,985</u>	<u>\$ 19,102,985</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.

CITRUS COMMUNITY COLLEGE DISTRICT
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excess of expenditures over appropriations, by major object amounts, occurred in the following:

Supplies and Materials	\$707
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**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, CA 91740-1899

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 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 Measure G Bond Construction Fund of the Citrus Community College District (the District), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's Measure G Bond Construction Fund basic financial statements, and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over the Measure G Bond Construction Fund 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***

Internal Control Over Financial Reporting (continued)

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 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 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, CA

November 4, 2013

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013**

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, 2013 and June 30, 2012.