

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

Fiscal Year Ended June 30, 2013

CITRUS COMMUNITY COLLEGE DISTRICT
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June 30, 2013

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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 conducted a performance audit of the Citrus Community College District (the "District"), Measure G General Obligation Bond Funds for the year ended June 30, 2013.

We conducted our performance audit in accordance with *Governmental 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 three of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure G General Obligation Bonds under Section 1(b)(3)(C) of Article XIII A of the California Constitution and under certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code. 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 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 and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, for the fiscal year ended June 30, 2013, the District complied, in all significant respects, with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, and certain provisions of Sections 15264 and 15272 – 15286 of the California Education Code.

VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA

November 4, 2013

CITRUS COMMUNITY COLLEGE DISTRICT
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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 Citrus Community College District was approved by the voters of the 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.

In August 2004 the first series of bonds, Series A, in the amount of \$22,000,000 was issued. In April 2007, the second series of bonds, Series B, in the amount of \$40,000,000 was issued. In June 2009, the third series of bonds, Series C, in the amount of \$29,995,301 was issued. On April 24, 2013 the District issued 2004 Election, 2013 refunding bonds Series 2013 for \$13,130,000 of current interest bonds. The total proceeds from the bonds were received by the District (less the original bond issuance costs) and are to be used to finance the acquisition, construction and modernization of certain District property and facilities.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of the District has appropriately established a Citizens' Oversight Committee. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures made using 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 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.

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OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Citrus Community College 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, system weaknesses, or non-compliance with specific California Education Code sections related to bond oversight and provide recommendations for improvement.
- Provide the District Board and the Citizens' Oversight Committee with a performance audit as required under the guidelines of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year from July 1, 2012 to June 30, 2013. The sample of expenditures tested were selected from 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, 2013 were not reviewed or included within the scope of our audit or within this report.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2013 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. We performed the following procedures:

- Reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure G election documents.
- Selected a sample of expenditures for the fiscal year ended June 30, 2013 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- Verified that funds from the Bond Construction Fund – Measure G Bond Program were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds expended from the Bond Construction Fund - Measure G Bond Program were not used for ineligible salaries of school administrators or other operating expenses of the District.

We reviewed documentation to verify compliance with California Education Code Sections 15292, and 15624 – 15286 associated with bond oversight, including the membership makeup of the Citizen’s Oversight Committee, publication of committee proceedings and issuance of an annual report to the public.

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CONCLUSION

The results of our tests indicated that, in all significant respects, the Citrus Community College 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. In addition, we verified that funds held in the Bond Projects Fund 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.

In addition, the results of our tests indicated that, in all significant respects, the Citrus Community College District complied with the applicable California Education Code requirements for which the purpose of a Citizen's Oversight Committee is established.

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SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

There were no findings related to the performance audit of the Bond Construction Fund – Measure G Bond Program for the fiscal years ended June 30, 2013 and 2012.