

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
PROPOSITION R BUILDING FUND
FINANCIAL AND PERFORMANCE AUDITS**

June 30, 2014



GROSSMONT-CUYAMACA

COMMUNITY COLLEGE DISTRICT

Moving Forward



GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
PROPOSITION R BUILDING FUND**

FINANCIAL AND PERFORMANCE AUDITS

June 30, 2014

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**FINANCIAL AUDIT OF BUILDING FUND
PROPOSITION R**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Proposition R Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District

Report on the Financial Statements

We have audited the accompanying Proposition R Building Fund financial statements of the Grossmont-Cuyamaca Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's Proposition R Building 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.

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.


The Board of Trustees
The Proposition R Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition R Building Fund of the District as of June 30, 2014, 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 February 6, 2015 on our consideration of the District's internal control over the Proposition R Building 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 Proposition R Building 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 Proposition R Building Fund financial reporting and compliance.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
February 6, 2015

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
PROPOSITION R BUILDING FUND
June 30, 2014**

Assets

Cash in county treasury	\$ 2,156,775
Accounts receivable	<u>2,233</u>
Total Assets	<u>\$ 2,159,008</u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 164,030
Due to other funds	<u>102,548</u>
Total Liabilities	<u>266,578</u>

Fund Balance

Restricted	<u>1,892,430</u>
Total Fund Balance	<u>1,892,430</u>
Total Liabilities and Fund Balance	<u>\$ 2,159,008</u>

See the accompanying notes to the financial statements.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
PROPOSITION R BUILDING FUND**

For the Fiscal Year Ended June 30, 2014

Revenues	
Interest and investment income	\$ 9,769
Total Revenues	<u>9,769</u>
Expenditures	
Supplies	157,618
Other services	776,752
Capital outlay	<u>787,029</u>
Total Expenditures	<u>1,721,399</u>
Net change in fund balance	(1,711,630)
Fund Balance - Beginning of Year	<u>3,604,060</u>
Fund Balance - End of Year	<u>\$ 1,892,430</u>

See the accompanying notes to the financial statements.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - PROPOSITION R BUILDING FUND**

For the Fiscal Year Ended June 30, 2014

	Budget *	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest and investment income	\$ 5,000	\$ 9,769	\$ 4,769
Total Revenues	<u>5,000</u>	<u>9,769</u>	<u>4,769</u>
Expenditures			
Supplies	267,220	157,618	109,602
Other services	1,743,398	776,752	966,646
Capital outlay	<u>1,598,442</u>	<u>787,029</u>	<u>811,413</u>
Total Expenditures	<u>3,609,060</u>	<u>1,721,399</u>	<u>1,887,661</u>
Net change in fund balance	<u>\$ (3,604,060)</u>	(1,711,630)	<u>\$ 1,892,430</u>
Fund Balance - Beginning of Year		<u>3,604,060</u>	
Fund Balance - End of Year		<u>\$ 1,892,430</u>	

* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

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 Building Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do 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 Building Fund 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).

During the year, Cash in the County Treasury is recorded at cost, which approximates fair value.

BUDGET

The Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual includes a column entitled "Budget". The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

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

FUND BALANCE CLASSIFICATION

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. 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 are considered restricted. The fund balance of the Building Fund is therefore classified as restricted.

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Building Fund are determined by its measurement focus. The Building funds are 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 Building Fund are accounted for in the basic financial statements of the 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.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2 - DEPOSITS - CASH IN COUNTY TREASURY:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool. These pooled funds are carried at cost which may differ from fair value. The fair market value of the District's Building Fund deposits in this pool as of June 30, 2014, as provided by the County Treasurer, was \$2,156,459, as based upon the District's pro-rata share of the fair value for the entire portfolio (in relation to the amortized costs of the portfolio).

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the County are either secured by federal depository insurance or are collateralized. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excess of expenditures over appropriations, by major object accounts.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - BONDED DEBT:

On November 5, 2002, the District voters authorized the issuance and sale of general obligation bonds totaling \$207,000,000 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property.

The outstanding related bonded debt for the District for Proposition R at June 30, 2014 is:

	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2013</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2014</u>
Series A	5/8/2003	2.50 - 5.00%	8/1/2027	\$ 55,000,000	\$ 7,180,000	\$	\$ 7,180,000	\$ -
Series B	6/2/2005	3.10 - 5.00%	8/1/2017	99,999,623	7,162,028		988,673	6,173,355
2008 Refunding	5/15/2008	3.00 - 5.25%	8/1/2024	128,765,749	116,305,749		3,810,000	112,495,749
Series C	5/15/2008	5.06 - 6.50%	8/1/2031	52,000,377	52,000,377			52,000,377
2013 Refunding	8/27/2013	2.00 - 4.50%	8/1/2027	5,470,000		5,470,000		5,470,000
				<u>\$ 341,235,749</u>	<u>\$ 182,648,154</u>	<u>\$ 5,470,000</u>	<u>\$ 11,978,673</u>	<u>\$ 176,139,481</u>

Series A

On May 8, 2003, the District issued \$55,000,000 of current interest general obligation bonds. On August 27, 2013, general obligation refunding bonds were issued to advance refund all of the outstanding Series A general obligation bonds.

Series B

On June 2, 2005, the District issued \$88,620,000 of current interest general obligation bonds and \$11,379,623 of capital appreciation general obligation bonds. The annual requirements to amortize Series B bonds payable, outstanding as of June 30, 2014, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Accreted Interest Payment</u>	<u>Total</u>
2015	\$ 1,220,152	\$ 529,848	\$ 1,750,000
2016	1,455,498	744,502	2,200,000
2017	1,647,718	972,282	2,620,000
2018	1,849,987	1,250,013	3,100,000
	<u>\$ 6,173,355</u>	<u>\$ 3,496,645</u>	<u>\$ 9,670,000</u>

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - BONDED DEBT: (continued)

2008 Refunding

On May 15, 2008, the District issued general obligation refunding bonds of \$121,115,000 of current interest bonds and \$7,650,749 of capital appreciation bonds. The refunding bonds were issued to advance refund a portion of the outstanding Series A & B general obligation 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 amount of refunded debt to be paid from the escrow account at June 30, 2014 is \$88,620,000. The refunded portions of the bonds are considered in-substance defeased and are not recorded in the basic financial statements of the District. The annual requirements to amortize the 2008 refunding bonds payable, outstanding as of June 30, 2014, are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest Payment	Total
2015	\$ 2,751,644	\$ 5,258,125	\$ 2,888,356	\$ 10,898,125
2016	2,537,957	5,258,125	3,307,043	11,103,125
2017	2,361,148	5,258,125	3,748,852	11,368,125
2018	6,350,000	5,091,438		11,441,438
2019	10,540,000	4,661,250		15,201,250
2020-2024	74,715,000	13,450,375		88,165,375
2025	13,240,000	331,000		13,571,000
	<u>\$ 112,495,749</u>	<u>\$ 39,308,438</u>	<u>\$ 9,944,251</u>	<u>\$ 161,748,438</u>

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - BONDED DEBT: (continued)

Series C

On May 15, 2008, the District issued \$52,000,377 of capital appreciation general obligation bonds. The annual requirements to amortize Series C bonds payable, outstanding as of June 30, 2014, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Accreted Interest Payment</u>	<u>Total</u>
2015	\$	\$	\$ -
2016			-
2017			-
2018			-
2019			-
2020-2024			-
2025-2029	28,624,897	53,395,103	82,020,000
2030-2032	<u>23,375,480</u>	<u>49,444,520</u>	<u>72,820,000</u>
	<u>\$ 52,000,377</u>	<u>\$ 102,839,623</u>	<u>\$ 154,840,000</u>

Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Accreted interest accrued has been reflected in the long term debt balance on the District's basic financial statements.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION R BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 4 - BONDED DEBT: (continued)

2013 Refunding

On August 27, 2013, the District issued general obligation refunding current interest bonds of \$5,470,000. The refunding bonds were issued to advance refund the remaining portion of the outstanding Series A general obligation bonds. The proceeds were placed into an irrevocable escrow account and used to fund the future required principal and interest payments of the refunded bonds. The annual requirements to amortize the 2013 refunding bonds payable, outstanding as of June 30, 2014, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 395,000	\$ 168,987	\$ 563,987
2016	330,000	161,737	491,737
2017	335,000	155,088	490,088
2018	340,000	148,338	488,338
2019	345,000	139,763	484,763
2020-2024	1,920,000	520,075	2,440,075
2025-2028	<u>1,805,000</u>	<u>149,806</u>	<u>1,954,806</u>
	<u>\$ 5,470,000</u>	<u>\$ 1,443,794</u>	<u>\$ 6,913,794</u>

NOTE 5 - PURCHASE COMMITMENTS

As of June 30, 2014, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$350 thousand.

**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 Proposition R Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District

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 Proposition R Building Fund financial statements of the Grossmont-Cuyamaca Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's Proposition R Building Fund financial statements, and have issued our report thereon dated February 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over the Proposition R Building 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.

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.

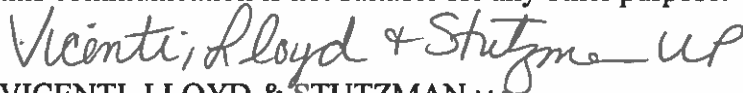
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Proposition R Building Fund 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, California

February 6, 2015

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014**

There were no findings related to the financial audit of the Proposition R Building Fund for the years ended June 30, 2014 and June 30, 2013.

PERFORMANCE AUDIT OF PROPOSITION R

**INDEPENDENT AUDITOR'S REPORT ON PROPOSITION 39
COMPLIANCE REQUIREMENTS**

The Board of Trustees
The Proposition R Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District


We have conducted a performance audit of the Grossmont-Cuyamaca Community College District (the District) Proposition R Building Fund for the fiscal year ended June 30, 2014.

We conducted our performance audit in accordance with *Government 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 conclusions 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 18 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Proposition R Building Fund under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and 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 the 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 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, in all significant respects, the District expended Proposition R Building Fund for the fiscal year ended June 30, 2014, only for the specific projects developed by the District's Board of Trustees, and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272 - 15286 of the California Education Code.


VICENTI, LLOYD & STUTZMAN LLP
Glendora, California
February 6, 2015

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

PROPOSITION R

PERFORMANCE AUDIT

June 30, 2014

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 district's and community colleges, under certain circumstances and subject to certain conditions. In November 2002, a general obligation bond proposition (Proposition R) of the Grossmont-Cuyamaca Community College District was approved by the voters of the District. Proposition R authorized the District to issue up to \$207 million of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions of Proposition R.

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Bond Oversight Committee (CBOC) and appointed its members. The principal purpose of the CBOC, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Proposition R bond authorization. The CBOC 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 Proposition R Building Fund 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 CBOC by March 31 of each year.

The CBOC was comprised of the following members as of June 30, 2014:

Ron Oberndorfer	Chair	El Cajon, CA
Bill Baber	Audit Sub-Committee	La Mesa, CA
Paul Botte	Audit Sub-Committee	El Cajon, CA
Nathan O'Hare	Audit Sub-Committee	El Cajon, CA
Zack Gianino	Communications Sub-Committee	Santee, CA
Gwen Miller	Communications Sub-Committee	El Cajon, CA
Glenice Stainbrook	Communications Sub-Committee	La Mesa, CA
Emile Zouhar	Communications Sub-Committee	La Mesa, CA
Warren Ates	Construction Sub-Committee	Santee, CA
George Bonner	Construction Sub-Committee	La Mesa, CA
Ed Oremen	Construction Sub-Committee	La Mesa, CA

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

PROPOSITION R

PERFORMANCE AUDIT

June 30, 2014

OBJECTIVES

The objectives of our Performance Audit were to:

- Determine the expenditures charged to the District Proposition R Building Fund.
- Determine whether expenditures charged to the Proposition R Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition R in November 2002.
- Note incongruities, system weaknesses, or non-compliance with specific California Education Code sections related to bond oversight and provide recommendations for improvement.
- Provide the District Trustees and the Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution and California Education Code.

SCOPE OF THE AUDIT

The scope of our Performance Audit covered the fiscal period from July 1, 2013 to June 30, 2014. The sample of expenditures tested included 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, 2014, were not reviewed or included within the scope of our audit or in this report.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

PROPOSITION R

PERFORMANCE AUDIT

June 30, 2014

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2014, for the Proposition R Building Fund. We also reviewed documentation, including the District website, for compliance with California Education Code Sections 15264 and 15272 - 15286. 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 Proposition R with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Proposition R election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2014, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 45 transactions totaling \$1,371,531. This represents 80% of total expenditures of \$1,721,399.
- We verified that funds from the Proposition R Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Proposition R Building Fund were not used for salaries of school administrators or other operating expenses of the District.

We reviewed documentation, including the District's website, to verify compliance with certain bond oversight requirements of the California Education Code, including the membership make-up of the Citizens' Bond Oversight Committee, publication of committee proceedings, and the issuance of an annual report to the public.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

PROPOSITION R

PERFORMANCE AUDIT

June 30, 2014

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the funds held in the Proposition R Building Fund and that such expenditures were made on authorized bond projects and not expended for salaries of school administrators or other operating expenditures.

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS

PROPOSITION R

PERFORMANCE AUDIT

June 30, 2014

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit of the Proposition R Building Fund for fiscal year ended June 30, 2014. In addition, there were no findings related to the performance audit of the Proposition R Building Fund for the year ended June 30, 2013.