

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

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

**PROPOSITION V
FINANCIAL AND PERFORMANCE AUDITS**

June 30, 2018

GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
June 30, 2018

Financial Audit of Proposition V Bond Building Fund..... 1

 Independent Auditor’s Report..... 2

 Balance Sheet – Proposition V Bond Building Fund..... 4

 Statement of Revenues, Expenditures, and Changes in Fund Balance –
 Proposition V Bond Building Fund 5

 Notes to the Financial Statements..... 6

 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*..... 10

 Schedule of Findings and Responses..... 12

 Optional Supplementary Information (Unaudited)..... 13

 Schedule of Detail of Project Balance (Unaudited) – Proposition V Bond
 Building Fund 14

Performance Audit of Proposition V..... 16

 Independent Auditor’s Report..... 17

 Background Information..... 18

 Objectives 19

 Scope of the Audit 19

 Procedures Performed..... 19

 Conclusion 19

**FINANCIAL AUDIT OF PROPOSITION V
BOND BUILDING FUND**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Proposition V Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition V Bond Building Fund of the Grossmont-Cuyamaca Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the 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 from 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, the auditor considers internal control relevant to the entity'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 entity'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 Proposition V Bond Building Fund of the District as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present fairly only the Proposition V Bond Building Fund and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2018 or the change in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The optional supplementary section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2019 on our consideration of the District's internal control over the Proposition V Bond 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 solely 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 effectiveness of the District's internal control over the Proposition V Bond 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 V Bond Building Fund financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
January 9, 2019

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**BALANCE SHEET
June 30, 2018**

Assets

| | |
|-------------------------|----------------------|
| Cash in county treasury | \$ 26,573,767 |
| Accounts receivable | 50,655 |
| Total Assets | \$ 26,624,422 |

Liabilities and Fund Balance

Liabilities

| | |
|--------------------------|------------------|
| Accounts payable | \$ 5,116,338 |
| Due to other funds | 239,538 |
| Total Liabilities | 5,355,876 |

Fund Balance

| | |
|---|----------------------|
| Restricted | 21,268,546 |
| Total Fund Balance | 21,268,546 |
| Total Liabilities and Fund Balance | \$ 26,624,422 |

See the accompanying notes to the financial statements

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2018**

| | |
|--|-----------------------------|
| Revenues | |
| Interest and investment income | \$ 572,634 |
| Total Revenues | <u>572,634</u> |
| Expenditures | |
| Supplies | 697,290 |
| Other services | 9,114,230 |
| Capital outlay | <u>11,620,698</u> |
| Total Expenditures | <u>21,432,218</u> |
| Net change in fund balance | (20,859,584) |
| Fund Balance at Beginning of Year | <u>42,128,130</u> |
| Fund Balance at End of Year | <u><u>\$ 21,268,546</u></u> |

See the accompanying notes to the financial statements

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

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.

Financial Reporting Entity

These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The Proposition V Bond 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). Cash in the county treasury is recorded at cost, which approximates fair value.

Fund Structure

The Statement of Revenues, Expenditures and Changes in Fund Balance is a statement of financial activities of the Proposition V Bond 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.

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 Proposition V Bond Building Fund is therefore classified as restricted.

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Proposition V Bond Building Fund are determined by its measurement focus. The Proposition V Bond Building 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 Proposition V Bond 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.

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. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2017 is measured at 99.37% of amortized cost. The District’s deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted 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. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant’s equity

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 2: DEPOSITS – CASH IN COUNTY TREASURY

withdrawn is based on the book value, which is amortized cost, of the participant’s percentage participation on the date of such withdrawals.

The pool sponsor’s annual financial report may be obtained from the San Diego County Administration Center, 1600 Pacific Highway, San Diego, CA 92101.

NOTE 3: BONDED DEBT

On November 6, 2012, the District voters authorized the issuance and sale of general obligation bonds totaling \$398,000,000 which provides that proceeds of the bonds will be used to finance the acquisition and improvement of real property.

Series A

On August 27, 2013, the District issued \$80,000,000 of current interest general obligation bonds.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

| <u>General Obligation Bonds</u> | <u>Date of Issue</u> | <u>Date of Maturity</u> | <u>Interest Rate %</u> | <u>Amount of Original Issue</u> | <u>Outstanding June 30, 2018</u> |
|---------------------------------|----------------------|-------------------------|------------------------|---------------------------------|----------------------------------|
| Proposition V: Series A | 8/27/2013 | 8/1/2043 | 2.50-5.25 | \$ 80,000,000 | \$ 67,095,000 |

The annual debt service requirements to maturity as of June 30, 2018 are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|----------------------|----------------------|
| 2019 | \$ 1,305,000 | \$ 3,447,738 |
| 2020 | 1,355,000 | 3,387,763 |
| 2021 | 1,420,000 | 3,318,388 |
| 2022 | 1,495,000 | 3,245,513 |
| 2023 | 1,570,000 | 3,168,888 |
| 2024-2028 | 9,095,000 | 14,553,063 |
| 2029-2033 | 11,695,000 | 11,877,469 |
| 2034-2038 | 15,110,000 | 8,377,425 |
| 2039-2043 | 19,510,000 | 3,856,650 |
| 2044 | 4,540,000 | 119,175 |
| Total | <u>\$ 67,095,000</u> | <u>\$ 55,352,072</u> |

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018**

NOTE 4: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

As of June 30, 2018, the District was committed under various capital expenditure purchase agreements for Proposition V bond projects totaling approximately \$46,300,000.

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

NOTE 5: SUBSEQUENT EVENT

The District issued for sale \$126,000,000 of Series B General Obligation Bonds on July 17, 2018 to finance the acquisition, construction, modernization and renovation of District sites and facilities. The bonds were issued as Current Interest bonds and accrue interest at rates of 3.0%-5.0%. The bonds mature beginning August 1, 2018 with a final maturity on September 1, 2047.

**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 V Citizens’ Bond Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, California

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 V Bond Building Fund financial statements of the Grossmont-Cuyamaca Community College District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s Proposition V Bond Building Fund financial statements, and have issued our report thereon dated January 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over 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 V Bond 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
January 9, 2019

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2018**

There were no findings related to the financial audit of the Proposition V Bond Building Fund for the year ended June 30, 2018. In addition, there were no findings related to the financial audit of the Proposition V Bond Building Fund for the year ended June 30, 2017.

OPTIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**SCHEDULE OF DETAIL OF PROJECT BALANCE (UNAUDITED)
June 30, 2018**

| | Actual 14-15 | Actual 15-16 | Actual 16-17 | Actual 17-18 |
|---|------------------|------------------|-------------------|-------------------|
| <u>Capital Projects</u> | | | | |
| <u>Grossmont College</u> | | | | |
| Prop V Start Up Projects | \$ 38,058 | \$ 12,813 | \$ 5,841 | \$ 4,698 |
| Lighting Fixture & Controls Update Y1 | 110,157 | (21,498) | - | - |
| Lighting & HVAC Upgrades Y2 | 42,551 | 145,177 | 16,637 | 714 |
| DW Energy Conservation Y3 | - | 93,381 | 515,380 | 1,695 |
| A&C Teaching & Performance Theater-Phase 1 | 716,483 | 1,822,498 | 427,251 | 10,622,941 |
| 12 kV Main Serv Replacement | - | 467,085 | 1,152,083 | 2,805 |
| Science, Math, Career Tech Cmplx-Phase 1 | - | 308,591 | 693,859 | 579,045 |
| Main Chiller Addition | 209,460 | 1,293,868 | 4,426,128 | 322,737 |
| Maintenance Facility-New Bldg | 1,674 | - | - | 5,604 |
| Lib Arts & Bus Tech | - | - | 29,660 | 42,348 |
| Environmental Impact Report - EIR | 10,129 | 7,749 | 13,586 | 1,308 |
| Interim Swing Space - Phase 1 | - | - | 219 | 1,912,094 |
| Infrastructure/Utilities Allocation | 484,075 | 154,507 | 22,057 | 27,208 |
| Allocation of DW Costs | 2,759,023 | 3,133,946 | 3,465,522 | 2,354,899 |
| Total Grossmont College | 4,371,610 | 7,418,117 | 10,768,223 | 15,878,096 |
| <u>Cuyamaca College</u> | | | | |
| Prop V Start Up Projects | 63,208 | 15,346 | 18,990 | (9,610) |
| Lighting Fixture & Controls Update Y1 | 171,332 | (11,352) | - | - |
| Lighting & HVAC Upgrades Y2 | 51,631 | 308,369 | 5,733 | - |
| DW Energy Conservation Y3 | - | 61,171 | 285,202 | (18,771) |
| DW Energy Conservation Y4 | - | - | - | 37,798 |
| Student Serv. & Admin Bldg (Incl Veterans Cntr) | 294,386 | 81,218 | 40,184 | 1,193,453 |
| One Stop Interim Improvements | - | 26,460 | 12,075 | - |
| Instructional Building (F) | 1,732 | - | - | 74,200 |
| Ornamental Horticulture Complex/M Remodel | - | 90,060 | 49,889 | 1,280,562 |
| Chiller Expansion | - | - | 36,054 | 197,696 |
| Parking Lot/Roadway Replacement | - | 280,071 | - | - |
| Exercise Science Bldg D Renovation | - | 110,603 | 1,295,628 | 172,520 |
| Track & Field Enhancements | - | 220,219 | 2,550,235 | - |
| Weight Training Classroom | 277,968 | 112,491 | - | - |
| Building L Remodel | - | - | 8,240 | 990,016 |
| Environmental Impact Report - EIR | 9,433 | 37,379 | (8,415) | 27,449 |
| Infrastructure/Utilities Allocation | 399,467 | 90,262 | 11,465 | 1,416 |
| Upgrade Electric Panel | 74,451 | 490,592 | 67,568 | 2,678 |
| CDC Roof Replacement | - | - | 39,181 | 6,900 |
| Central Park | - | - | - | 10,261 |

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PROPOSITION V BOND BUILDING FUND**

**SCHEDULE OF DETAIL OF PROJECT BALANCE (UNAUDITED)
June 30, 2018**

| | Actual 14-15 | Actual 15-16 | Actual 16-17 | Actual 17-18 |
|---|-------------------------|--------------------------|--------------------------|--------------------------|
| <u>Cuyamaca College (continued)</u> | | | | |
| Building H Expansion | - | - | - | 15,382 |
| LRC Roof Top | - | - | - | 276,425 |
| Allocation of DW Costs | 1,219,955 | 1,385,716 | 1,532,326 | 1,041,250 |
| Total Cuyamaca College | <u>2,563,563</u> | <u>3,298,605</u> | <u>5,944,355</u> | <u>5,299,625</u> |
| <u>District Services</u> | | | | |
| Prop V Start Up Projects | 3,658 | 1,440 | - | - |
| GCCCD DO & Community Center | 19,948 | 5,567 | 2,864 | 42,711 |
| District & Auxiliary Modular | - | 49,948 | 372,291 | - |
| Program Management Allocation | - | - | 1,495 | - |
| Allocation of DW Costs | 248,131 | 281,847 | 311,670 | 211,786 |
| Total District Services | <u>271,737</u> | <u>338,802</u> | <u>688,320</u> | <u>254,497</u> |
| <u>Districtwide</u> | | | | |
| Prop V Interest - Pending Allocation | - | - | - | - |
| Total Districtwide | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Proposition V Expenditures | <u>\$ 7,206,910</u> | <u>\$ 11,055,524</u> | <u>\$ 17,400,898</u> | <u>\$ 21,432,218</u> |

PERFORMANCE AUDIT OF PROPOSITION V



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Proposition V Citizens' Bond Oversight Committee
Grossmont-Cuyamaca Community College District
El Cajon, California

We have conducted a performance audit of the Grossmont-Cuyamaca Community College District (the District) Proposition V bond funds for the year ended June 30, 2018.

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 19 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Proposition V bond funds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. 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. 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 V bond funds for the fiscal year ended June 30, 2018, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
January 9, 2019

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PERFORMANCE AUDIT OF PROPOSITION V**

June 30, 2018

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 November 2012, a general obligation bond proposition (Proposition V) of the District was approved by the voters of that District. Proposition V authorized the District to issue up to \$398 million of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

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 V 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 V Bond Building Fund have been expended only for the authorized bond projects.

The CBOC was comprised of the following members as of June 30, 2018:

| | |
|---------------------|------------------------------|
| Sharon Bullard | Audit Sub-Committee |
| Pei-Hua Chou | Construction Sub-Committee |
| David Gauthier | Construction Sub-Committee |
| Scott Grogg | Construction Sub-Committee |
| Gwen Miller (Chair) | Communications Sub-Committee |
| Marlene Ruiz | Communications Sub-Committee |
| Glen Sparrow | Audit Sub-Committee |
| Jesus Suarez | Communications Sub-Committee |
| John Whitney | Audit Sub-Committee |
| Glenn Wilhite | Communications Sub-Committee |
| David Wilken | Construction Sub-Committee |

**GROSSMONT-CUYAMACA COMMUNITY COLLEGE DISTRICT
PERFORMANCE AUDIT OF PROPOSITION V**

June 30, 2018

OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Proposition V Bond Building Fund.
- Determine whether expenditures charged to the Proposition V Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition V in November 2012.
- Provide the District Board and the Proposition V Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2017 to June 30, 2018. 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, 2018, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We selected a judgmental sample of 72 expenditures totaling \$17,587,882 (82%) of total expenditures considering all object codes and projects for the year ended June 30, 2018.
- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter approved bond project list.

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 V Bond Building Fund and that such expenditures were made on authorized bond projects.