

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
FINANCIAL AUDIT**

June 30, 2002

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 FUNDING
FINANCIAL AUDIT**

June 30, 2002

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, CA 9789

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Mt. San Antonio Community College District, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 4, 2002. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the Bond Building Fund of the Mt. San Antonio Community College District as of and for the year ended June 30, 2002. These statements are the responsibility of the District's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Bond Building Fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental 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 for the Bond Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Building Fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.



The Board of Trustees
The Citizens' Oversight Committee
Mt. San Antonio Community College District

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Bond Building Fund of the Mt. San Antonio Community College District as of June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2002 on our consideration of the Mt. San Antonio Community College District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

VICENTI, LLOYD & STUTZMAN LLP

October 4, 2002

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
BOND BUILDING FUND**

June 30, 2002

ASSETS

Cash in County Treasury	\$ 37,441,434
TOTAL ASSETS	\$ 37,441,434

LIABILITIES AND FUND EQUITY

Liabilities

Accounts Payable	\$ 736,118
Due to Other Funds	10
TOTAL LIABILITIES	736,128

Fund Balance

Designated for Special Purposes	36,705,306
TOTAL FUND EQUITY	36,705,306

TOTAL LIABILITIES AND FUND EQUITY	\$ 37,441,434
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MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

**BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2002**

EXPENDITURES

Supplies and Materials	\$ 3,789
Other Operating Expenses and Services	104,081
Capital Outlay	<u>3,186,824</u>

TOTAL EXPENDITURES 3,294,694

Excess (deficiency) of revenues over expenditures (3,294,694)

OTHER FINANCING SOURCES (USES)

Proceeds from Bonds	<u>40,000,000</u>
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TOTAL OTHER FINANCING SOURCES (USES) 40,000,000

Excess (deficiency) of revenues over
expenditures and other sources (uses) 36,705,306

Fund Balance at Beginning of Year -

Fund Balance at End of Year \$ 36,705,306

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Supplies and Materials	\$ 6,000	\$ 3,789	\$ 2,211
Other Operating Expenses and Services	110,000	104,081	5,919
Capital Outlay	<u>39,884,000</u>	<u>3,186,824</u>	<u>36,697,176</u>
TOTAL EXPENDITURES	<u>40,000,000</u>	<u>3,294,694</u>	<u>36,705,306</u>
Excess (deficiency) of revenues over expenditures	<u>(40,000,000)</u>	<u>(3,294,694)</u>	<u>36,705,306</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Bonds	<u>40,000,000</u>	<u>40,000,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,000,000</u>	<u>40,000,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$ -</u>	36,705,306	<u>\$ 36,705,306</u>
Fund Balance at Beginning of Year		<u>-</u>	
Fund Balance at End of Year		<u>\$ 36,705,306</u>	

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002**

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 Changes in Fund Balance is a statement of financial activities of the Bond Building Fund related to the current reporting period. Expenditures of the various funds 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 Bond Building Fund of the Mt. San Antonio 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 Changes in Fund Balances – 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.

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002**

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

CAPITAL ASSETS AND LONG-TERM DEBT

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excesses of expenditures over appropriations, by major object accounts, in the Bond Building Fund.

NOTE 3 – BONDED DEBT:

On November 6, 2001, \$221 million in general obligation bonds were authorized by an election held within the Mt. San Antonio College District. In May 2002, \$40 million of the general obligation bonds were sold under Proposition 39/Measure R which provides that proceeds of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities.

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002**

NOTE 3 – BONDED DEBT: (Continued)

The outstanding related bonded debt for the Mt. San Antonio Community College District at June 30, 2002 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2001</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2002</u>
5/21/02 A	3.25-5.50%	5/1/2027	\$40,000,000	\$ 0	\$40,000,000	\$ 0	\$40,000,000

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2002, are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 5,195,000	\$ 1,781,256	\$ 6,976,256
2004	5,855,000	1,612,419	7,467,419
2005	1,155,000	1,422,131	2,577,131
2006	1,140,000	1,384,593	2,524,593
2007	1,125,000	1,347,544	2,472,544
2008-2012	5,585,000	6,054,269	11,639,269
2013-2017	5,930,000	4,600,275	10,530,275
2018-2022	6,560,000	2,938,751	9,498,751
2023-2027	<u>7,455,000</u>	<u>1,137,750</u>	<u>8,592,750</u>
Totals	<u>\$40,000,000</u>	<u>\$22,278,988</u>	<u>\$62,278,988</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
The Citizen's Oversight Committee
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

We have audited the basic financial statements of Mt. San Antonio Community College District as of and for the year ended June 30, 2002, and have issued our report thereon dated October 4, 2002. We have also audited the Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual for the Bond Building Fund of the Mt. San Antonio Community College District as of and for the year ended June 30, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether Mt. San Antonio Community College District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mt. San Antonio Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board, the Citizen's Oversight Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

VICENTI, LLOYD & STUTZMAN LLP

October 4, 2002

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2002**

There were no findings and questioned costs related to the financial audit of the Bond Building Fund for the year ended June 30, 2002.