

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39, GENERAL OBLIGATION BONDS
(MEASURE R, NOVEMBER 2001)
FINANCIAL AUDIT**

June 30, 2003

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39, GENERAL OBLIGATION BONDS
(MEASURE R, NOVEMBER 2001)
FINANCIAL AUDIT**

June 30, 2003

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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

Chairman

ROYCE A. STUTZMAN

Partners

PETER F. GAUTREAU

RENÉE S. GRAVES

CARL PON

MARY ANN QUAY

LINDA M. SADDLEMIRE

Principal

JERI A. WENGER

Senior Managers

TIMOTHY D. EVANS

PHEBE M. MCCUTCHEON

WADE N. McMULLEN

KARIN HECKMAN NELSON

ARVEE ROBINSON

COLLEEN K. TAYLOR

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, 2003, and have issued our report thereon dated October 2, 2003. 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 Building Fund of the Mt. San Antonio Community College District as of and for the year ended June 30, 2003. 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 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 Building Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Building Fund of the Mt. San Antonio Community College District as of June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued a report dated October 2, 2003 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

VICENTI, LLOYD & STUTZMAN LLP

October 2, 2003

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

BALANCE SHEET
BUILDING FUND
June 30, 2003

ASSETS

Cash in County Treasury	\$ 25,812,627
TOTAL ASSETS	\$ 25,812,627

LIABILITIES AND FUND EQUITY

Liabilities

Accounts Payable	\$ 3,425,194
Due to Other Funds	2,358
TOTAL LIABILITIES	3,427,552

Fund Balance

Designated for Special Purposes	22,385,075
TOTAL FUND EQUITY	22,385,075

TOTAL LIABILITIES AND FUND EQUITY	\$ 25,812,627
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**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
BUILDING FUND**

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

For the Fiscal Year Ended June 30, 2003

REVENUES

Revenues from Local Sources	
Interest Income	\$ 769,651
TOTAL REVENUES	<u>769,651</u>

EXPENDITURES

Supplies and Materials	10,606
Other Expenses and Services	95,977
Capital Outlay	<u>14,983,299</u>
TOTAL EXPENDITURES	<u>15,089,882</u>

Deficiency of revenues over expenditures	<u>(14,320,231)</u>
Fund Balance at Beginning of Year	<u>36,705,306</u>
Fund Balance at End of Year	<u>\$ 22,385,075</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
BUILDING FUND

For the Fiscal Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenues from Local Sources			
Interest Income	\$ 625,000	\$ 769,651	\$ 144,651
TOTAL REVENUES	<u>625,000</u>	<u>769,651</u>	<u>144,651</u>
EXPENDITURES			
Supplies and Materials	-	10,606	(10,606)
Other Expenses and Services	-	95,977	(95,977)
Capital Outlay	<u>36,705,306</u>	<u>14,983,299</u>	<u>21,722,007</u>
TOTAL EXPENDITURES	<u>36,705,306</u>	<u>15,089,882</u>	<u>21,615,424</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (36,080,306)</u>	(14,320,231)	<u>\$ 21,760,075</u>
Fund Balance at Beginning of Year		<u>36,705,306</u>	
Fund Balance at End of Year		<u>\$ 22,385,075</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003**

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 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 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
BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003**

(Continued)

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 Building Fund are determined by its measurement focus. 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 Mt. San Antonio Community College District.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excesses of expenditures over appropriations in the Building Fund, by major object accounts, are as follows:

Supplies and Materials	\$10,606
Other Expenses and Services	95,977

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.

The outstanding related bonded debt for the Mt. San Antonio Community College District at June 30, 2003 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2002</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2003</u>
5/21/02 A	3.25-5.50%	5/1/2027	\$40,000,000	\$40,000,000	\$ 0	\$5,195,000	\$34,805,000

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2003**

NOTE 3 – BONDED DEBT: (Continued)

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2003, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,115,000	1,308,169	2,423,169
2009-2013	5,615,000	5,791,694	11,406,694
2014-2018	6,035,000	4,280,032	10,315,032
2019-2023	6,725,000	2,586,151	9,311,151
2024-2027	<u>6,040,000</u>	<u>765,000</u>	<u>6,805,000</u>
Totals	<u>\$34,805,000</u>	<u>\$20,497,733</u>	<u>\$55,302,733</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

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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.

**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)

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 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
VICENTI, LLOYD & STUTZMAN LLP

October 2, 2003

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2003**

There were no findings and questioned costs related to the financial audit of the Building Fund for the year ended June 30, 2003.

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

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2003**

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