

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

June 30, 2004

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

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CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1-2
Balance Sheet – Bond Building Fund.....	3
Statement of Revenues, Expenditures and Change in Fund Balance – Bond Building Fund.....	4
Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Bond Building Fund.....	5
Notes to Financial Statements.....	6-8
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.	9-10
Schedule of Findings and Questioned Costs.....	11
Status of Prior Year Findings and Questioned Costs.....	12

INDEPENDENT AUDITOR'S REPORT

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

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, 2004, and have issued our report thereon dated October 1, 2004. We have also audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change 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, 2004. 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.

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, 2004, 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 1, 2004 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 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

VICENTI, LLOYD & STUTZMAN LLP

October 1, 2004

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

BALANCE SHEET
BOND BUILDING FUND

June 30, 2004

ASSETS

Cash in County Treasury	\$ 73,753,296
TOTAL ASSETS	\$ 73,753,296

LIABILITIES AND FUND BALANCE

Liabilities

Accounts Payable	\$ 5,396,737
TOTAL LIABILITIES	5,396,737

Fund Balance

Designated for Special Purposes	68,356,559
TOTAL FUND BALANCE	68,356,559
TOTAL LIABILITIES AND FUND BALANCE	\$ 73,753,296

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
BOND BUILDING FUND
For the Fiscal Year Ended June 30, 2004

REVENUES

Revenues from Local Sources	
Interest Income	\$ 403,106
TOTAL REVENUES	403,106

EXPENDITURES

Supplies and Materials	22,300
Other Expenses and Services	338,095
Capital Outlay	29,071,227
TOTAL EXPENDITURES	29,431,622

Deficiency of revenues over expenditures	(29,028,516)
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OTHER FINANCING SOURCES

Proceeds from Bonds	75,000,000
TOTAL OTHER FINANCING SOURCES	75,000,000

Excess of revenues over expenditures and other sources	45,971,484
Fund Balance at Beginning of Year	22,385,075
Fund Balance at End of Year	\$ 68,356,559

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
BOND BUILDING FUND**

For the Fiscal Year Ended June 30, 2004

	<u>Budget*</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Revenues from Local Sources			
Interest Income	\$ 625,000	\$ 403,106	\$ (221,894)
TOTAL REVENUES	<u>625,000</u>	<u>403,106</u>	<u>(221,894)</u>
EXPENDITURES			
Supplies and Materials	70,635	22,300	48,335
Other Expenses and Services	655,427	338,095	317,332
Capital Outlay	<u>97,226,171</u>	<u>29,071,227</u>	<u>68,154,944</u>
TOTAL EXPENDITURES	<u>97,952,233</u>	<u>29,431,622</u>	<u>68,520,611</u>
Deficiency of revenues over expenditures	<u>(97,327,233)</u>	<u>(29,028,516)</u>	<u>68,298,717</u>
OTHER FINANCING SOURCES			
Proceeds from Bonds	<u>75,000,000</u>	<u>75,000,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>75,000,000</u>	<u>75,000,000</u>	<u>-</u>
Excess of revenues over expenditures and other sources	<u>\$(22,327,233)</u>	45,971,484	<u>\$ 68,298,717</u>
Fund Balance at Beginning of Year		<u>22,385,075</u>	
Fund Balance at End of Year		<u>\$ 68,356,559</u>	

* The budget for revenues and other sources 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004**

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 Bond Building Fund related to the current reporting period. 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 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 Change 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, 2004**

(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 Bond Building Fund are determined by its measurement focus. The 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 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 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 under Proposition 39/Measure R. 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, 2004 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2003</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2004</u>
5/1/02 A	3.25-5.50%	5/1/2027	\$40,000,000	\$34,805,000	\$ 0	\$5,855,000	\$28,950,000
2/4/2004 B	2.50-5.50%	8/1/2024	\$75,000,000	\$ 0	\$75,000,000	\$ 0	\$75,000,000

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

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004**

NOTE 3 – BONDED DEBT: (Continued)

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2004, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,155,000	\$ 1,422,131	\$ 2,577,131
2006	5,410,000	6,306,205	11,716,205
2007	7,445,000	4,586,669	12,031,669
2008	8,055,000	4,344,294	12,399,294
2009	2,795,000	4,065,981	6,860,981
2010-2014	15,135,000	18,507,363	33,642,363
2015-2019	17,940,000	14,621,708	32,561,708
2020-2024	21,990,000	9,590,924	31,580,924
2025-2029	<u>24,025,000</u>	<u>3,482,525</u>	<u>27,507,525</u>
Totals	<u>\$103,950,000</u>	<u>\$ 66,927,800</u>	<u>\$170,877,800</u>

The repayment of the debt related to the general obligations bonds is accounted for in the District's Bond Interest and Redemption Fund which is part of the Mt. San Antonio Community College District's basic financial statements.

NOTE 4 – PURCHASE COMMITMENTS:

As of June 30, 2004, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$16,000,000.

**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**

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, 2004, and have issued our report thereon dated October 1, 2004. We have also audited the Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change 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, 2004. 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.

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 an opinion 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 that might be considered to be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

**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**

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mt. San Antonio Community College District's 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.

This report is intended solely for the information and use of the Board, the Citizens' 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 1, 2004

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2004**

There were no findings and questioned costs related to the financial audit of the Bond Building Fund for the year ended June 30, 2004.

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

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2004**

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