

GLENDALE COMMUNITY COLLEGE DISTRICT

**MEASURE G GENERAL OBLIGATION BONDS
ELECTION 2002**

AUDIT REPORT

JUNE 30, 2011

GLENDALE COMMUNITY COLLEGE DISTRICT

**MEASURE G GENERAL OBLIGATION BONDS
ELECTION 2002**

FINANCIAL AUDIT

JUNE 30, 2011

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**TABLE OF CONTENTS
JUNE 30, 2011**

FINANCIAL SECTION

Independent Auditors' Report	1
General Obligation Bond Construction Fund (Measure G)	
Balance Sheet - Modified Accrual Basis	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Accrual Basis	4
Notes to Financial Statements	5

INDEPENDENT AUDITORS' REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	11
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings and Recommendations	14
Summary Schedule of Prior Audit Findings	15

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INDEPENDENT AUDITORS' REPORT

Governing Board and Citizens' Oversight Committee
Glendale Community College District
General Obligation Bond
Glendale, California

We have audited the accompanying financial statements of the General Obligation Bond Construction Fund (Measure G) of the Glendale Community College District (the District) as of the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Glendale Community College District's management. 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 of America. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund (Measure G) and do not purport to, and do not present fairly, the financial position of the District as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, as discussed in Note 1 of the financial statements, the General Obligation Bond Construction Fund's (Measure G) financial statements are prepared on the modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - modified accrual basis - of the General Obligation Bond Construction Fund (Measure G) of the Glendale Community College District as of June 30, 2011, and the results of its operations - modified accrual basis - for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the District's General Obligation Bond Construction Fund's (Measure G) internal control over 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 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 conjunction with this report in considering the results of our audit.

Vannich, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 11, 2012

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**BALANCE SHEET – MODIFIED ACCRUAL BASIS
JUNE 30, 2011**

ASSETS

Investments	\$ 5,039,956
Accounts receivable	15,419
Due from other funds	294,536
Total Assets	<u><u>\$ 5,349,911</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>\$ 531,149</u>
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Fund Balance:

Unreserved	
Designated	4,818,762
Total Liabilities and Fund Balance	<u><u>\$ 5,349,911</u></u>

The accompanying notes are an integral part of these financial statements.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED ACCRUAL BASIS
JUNE 30, 2011**

REVENUES

Local revenues \$ 72,893

EXPENDITURES

Services and operating expenditures 729,660
Capital outlay 10,199,686

Total Expenditures 10,929,346

EXCESS OF EXPENDITURES OVER REVENUES (10,856,453)

OTHER FINANCING SOURCES (USES)

Operating transfers in 294,536
Other sources - bond proceeds 5,259,040
Other uses (207,572)

Total Other Financing Sources (Uses) 5,346,004

**EXCESS OF EXPENDITURES AND OTHER USES
OVER REVENUES AND OTHER FINANCING
SOURCES** (5,510,449)

FUND BALANCE, BEGINNING OF YEAR 10,329,211

FUND BALANCE, END OF YEAR \$ 4,818,762

The accompanying notes are an integral part of these financial statements.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glendale Community College District (the District) General Obligation Bond Construction Fund (Measure G) conforms to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. Glendale Community College District Bond Funds account for the financial transactions in accordance with the policies and procedures of the California Community Colleges Budget and Accounting Manual.

Financial Reporting Entity

The audited financial statements include only the General Obligation Bond Construction Fund (Measure G) of Glendale Community College District (the District). This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bond Election of March 2002. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Construction Fund (Measure G) are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Bond Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balance Designations

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship, or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Investments

Investments as of June 30, 2011, consist of the following:

	<u>Reported Amount</u>
Los Angeles County Investment Pool	<u>\$ 5,039,956</u>

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool. The District maintains an investment of \$5,039,956 with the Los Angeles County Investment Pool. The fair value of this investment is approximately \$5,042,089 with a weighted average maturity of 600 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2011.

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2011, consist of the following:

Interest	<u>\$ 15,419</u>
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NOTE 4 - DUE FROM OTHER FUNDS

Interfund receivable balance at June 30, 2011, consists of the following:

Due from General Fund	<u>\$ 294,536</u>
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NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2011, consist of the following:

Construction payables	<u>\$ 531,149</u>
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**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 - FUND BALANCE

Fund balance is composed of the following element:

Unreserved	
Designated	<u>\$ 4,818,762</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2011, the General Obligation Bond Construction Fund had the following significant construction commitments with respect to unfinished capital projects:

<u>CAPITAL PROJECT</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Garfield Campus	\$ 678,794	Spring 2011
Lab/College Services Project	210,333	Fall 2013
Technology	12,997	Summer 2011
	<u>\$ 902,124</u>	

Litigation

The District is not currently a party to any legal proceedings.



**INDEPENDENT AUDITORS' 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***

Governing Board and Citizens' Oversight Committee
Glendale Community College District
General Obligation Bond
Glendale, California

We have audited the accompanying financial statements of the General Obligation Bond Construction Fund (Measure G) of Glendale Community College District (the District) for the year ended June 30, 2011, and have issued our report thereon dated January 11, 2012. 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

The management of Glendale Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's General Obligation Bond Construction Fund's (Measure G) internal control over financial reporting as a basis for designing our auditing procedures 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 General Obligation Bond Construction Fund's (Measure G) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's General Obligation Bond Construction Fund's (Measure G) internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Glendale Community College District's Bond Fund's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glendale Community College District's General Obligation Bond Construction Fund's (Measure G) 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 noncompliance 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 Governing Board, District Management, and Citizens' Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.

Vaurineh, Trine, Day & Co., LLP

Rancho Cucamonga, California

January 11, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2011**

None reported.

**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011**

None reported.

GLENDALE COMMUNITY COLLEGE DISTRICT

**MEASURE G GENERAL OBLIGATION BONDS
ELECTION 2002**

PERFORMANCE AUDIT

JUNE 30, 2011

**GLENDALE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
2002 ELECTION**

**TABLE OF CONTENTS
JUNE 30, 2011**

Independent Auditors' Report on Performance	1
Authority for Issuance	2
Purpose of Issuance	3
Authority for the Audit	3
Objectives of the Audit	4
Scope of the Audit	4
Procedures Performed	4
Conclusion	5
Schedule of Findings and Questioned Costs	6

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INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and Citizens' Oversight Committee
Glendale Community College District
General Obligation Bond
Glendale, California

We were engaged to conduct a performance audit of Glendale Community College District's (the District) Measure G General Obligation Bond funds for the year ended June 30, 2011.

We conducted this performance audit in accordance with the standards applicable to performance 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure G General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 11, 2012

**GLENDALE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
2002 ELECTION**

JUNE 30, 2011

AUTHORITY FOR ISSUANCE

The Measure G General Obligation Bonds (the Bonds) are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California *Education Code*, and other applicable provisions of law. The District received authorization at an election held on March 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$98,000,000 to finance construction, acquisition, furnishing and equipping of District facilities, and projects approved by the voters. The measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

In October 2002, the District issued General Obligation Bonds, Election of 2002, Series A in the amount of \$27,000,000. The Series A Bonds were authorized by a resolution adopted by the County Board of Supervisors on September 17, 2002, pursuant to a resolution of the Governing Board of the District adopted on August 26, 2002.

In July 2003, the District issued General Obligation Bonds, Election of 2002, 2003 Series B in the amount of \$5,000,000. The Series B Bonds were authorized by a resolution adopted by the County Board of Supervisors on April 15, 2003, pursuant to resolutions of the Governing Board of the District adopted on March 17, 2003.

In July 2003, the District issued General Obligation Bonds, Election of 2002, 2003 Series C in the amount of \$12,499,929.62. The Series C Bonds were authorized by a resolution adopted by the County Board of Supervisors on April 15, 2003, pursuant to resolutions of the Governing Board of the District adopted on March 17, 2003.

In October 2005, the District issued the General Obligation Refunding Bonds 2002 Election, 2005 Series A in the amount of \$16,951,097. The Refunding Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on September 19, 2005. The proceeds of the Bonds will be used to refund certain general obligation bonds of the District's previously issued bonds, fund certain capital improvements of the District, and pay all legal, financial, and contingent costs in connection therewith.

In October 2006, the District issued General Obligation Bonds, Election of 2002, 2006 Series D in the amount of \$34,500,000. The Series D Bonds were authorized by a resolution adopted by the County Board of Supervisors on September 12, 2006, pursuant to resolutions of the Governing Board of the District adopted on August 22, 2006.

In April 2011, the District issued General Obligation Bonds, Election of 2002, 2011 Series E in the amount of \$5,001,453.25. The Series E Bonds were authorized by a resolution adopted by the County Board of Supervisors on March 29, 2011, pursuant to resolutions of the Governing Board of the District adopted on February 28, 2011.

**GLENDALE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
2002 ELECTION**

JUNE 30, 2011

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the purposes of improving safety and the quality of education in the District by replacing and repairing deteriorating buildings, classrooms, including plumbing, heating, air conditioning and sewer systems; repairing and upgrading electric wiring for computer technology; modernizing laboratories; improving security, lighting and parking; removing asbestos; and building new classrooms to accommodate rapid growth. A portion of the proceeds of the Bonds will also be used to refund certain existing lease obligations of the District.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the community college district to appoint a citizens' oversight committee.
4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.
5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

**GLENDALE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
2002 ELECTION**

JUNE 30, 2011

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of the Measure G.
2. Determine whether salary transactions charged to the Bond Funds were in support of Measure G and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2010 to June 30, 2011. The population of expenditures tested included all 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 proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2011, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2011, for the Bond Funds (Measure G). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure G as to the approved Bond projects list. We performed the following procedures:

1. We reviewed the procedures for disbursement of funds related to the voter approved general obligation bond to determine if procedures were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.
2. We reviewed the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. We reviewed construction expenditures totaling 57 percent of all expenditures and other uses, from the detailed accounting of expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Our sample included transactions totaling \$6,351,563 of the total expenditure and other uses of \$11,136,918.
4. We analyzed the balance of the Measure G Bond funds available at June 30, 2011.

**GLENDALE COMMUNITY COLLEGE DISTRICT
 MEASURE G GENERAL OBLIGATION BONDS
 2002 ELECTION**

JUNE 30, 2011

		<u>GO Bond Fund - All Series</u>	
REVENUES			
All Years	Proceeds from sale of bonds	\$	86,577,156
All Years	Proceeds from refunding of bonds		19,466,260
All Years	Interest local		5,582,468
All Years	Tranfers in		294,536
	Subtotal		<u>111,920,420</u>
EXPENSES			
All Years	Expenses and other uses		<u>107,101,658</u>
	Net Fund Balance at June 30, 2011	\$	<u><u>4,818,762</u></u>

CONCLUSION

The results of our tests indicated that, in all significant respects, Glendale Community College District has properly accounted for the expenditures held in the Bond Funds (Measure G) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bond Funds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**GLENDALE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
2002 ELECTION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

None reported.