

**CERRITOS COMMUNITY COLLEGE DISTRICT**  
**PROPOSITION 39 GENERAL OBLIGATION BONDS**  
**MEASURE CC, MARCH 2004**  
**BOND BUILDING FUND**  
**FINANCIAL AND PERFORMANCE AUDITS**  
**June 30, 2018**

**CERRITOS COMMUNITY COLLEGE DISTRICT**

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**June 30, 2018**

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**FINANCIAL AUDIT OF MEASURE CC, MARCH 2004  
BOND BUILDING FUND**

## INDEPENDENT AUDITORS' REPORT

District Board of Trustees  
Cerritos Community College District  
Norwalk, California

### **Report on the Financial Statements**

We have audited the accompanying Measure CC, March 2004, financial statements of the Cerritos Community College District (the District) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's Measure CC, March 2004, Bond Building Fund 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.

### **Auditors' Responsibility**

Our responsibility is to express 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 of 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 auditors' 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.

## INDEPENDENT AUDITORS' REPORT

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 Measure CC, March 2004, 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 Measure CC, March 2004, 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 fiscal year 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**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018 on our consideration of the District's internal control over the Measure CC, March 2004, 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

## INDEPENDENT AUDITORS' REPORT

on the effectiveness of the District's internal control over the Measure CC, March 2004, 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 Measure CC, March 2004, Bond Building Fund financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Glendora, California

November 26, 2018

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

In accordance with Section 1(b)(3)(D) of Article XIII A of the California Constitution, the Cerritos Community College District (the District) conducted an annual, independent financial audit of our General Obligation Bond Construction Funds. This section provides an overview and analysis of the financial activities of the General Obligation Bond Construction Fund of the District for the fiscal year ended June 30, 2018, with comparative information for fiscal year ended June 30, 2017. The fund was established after the March 2004 election. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

**INTRODUCTION AND BACKGROUND**

The District operates two separate General Obligation Bond Funds to report the activity of bond measures passed by residents within the District: one for Measure CC and one for Measure G. The elections were conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 et seq. of the California Education Code (“Prop 39”).

Measure CC was on the local ballot on March 2, 2004. The ballot measure asked local voters to prepare local Cerritos College students by:

“[R]epairing deteriorating roofs, wiring, plumbing, inefficient heating/cooling systems; renovating aging classrooms, science/computer labs; repairing, acquiring, constructing, equipping college buildings, sites; improving parking/campus safety; upgrading job training/technology facilities.”

The voters approved the Measure CC with a 57.71% pass rate.

The General Obligation Bond Funds are overseen by a Citizens’ Oversight Committee comprised of the following nine member types:

**Member Type**

- Senior Citizens’ Organization Member Representative
- Community-at-large Representative
- Community-at-large Representative
- Local Business Community Representative
- Community-at-large Representative
- Support Organization for the College Representative
- Associated Student Body Representative
- Bona Fide Taxpayer Organization Member Representative

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

The Citizen's Oversight Committee is charged with informing the public, reviewing expenditures, and preparing an annual report. The Committee meets at least once a year, but no more than quarterly and receive expenditure reports and construction updates.

For the fiscal year ended June 30, 2018, the major expenditures were for the Campus Fiber & Copper Backbone, Parking Lot upgrades, and Stadium Turf Replacement project for Measure CC.

**FINANCIAL HIGHLIGHTS**

The restricted fund balance of Cerritos Community College District Bond Funds at the close of fiscal year 2018 is \$0. All of the fund balance is available to meet the District's ongoing obligations for its bond projects.

Funding for the Bond Funds is derived from general obligation bond proceeds and related premiums and interest income. Funds are restricted to be used for District bond projects including building construction, renovation and related furniture and equipment purchases. Bonds are issued as needed to fund District bond projects. Generally, the District issues bonds needed to fund three years of projects. Fund balances decline as projects continue, then they increase when the next bonds are issued.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following discussion and analysis are intended to serve as an introduction to the District's bond fund financial statements, which comprises these components:

1. Balance Sheet
2. Statement of Revenues, Expenditures, and Changes in Fund Balance

**The Balance Sheet** is a snapshot of account balances at year-end. It indicates the assets available for future payments for bond projects and any current liabilities that are owed at this time.

**The Statement of Revenues, Expenditures, and Changes in Fund Balance** provides a view of current year revenue and expenditures. Both statements are in compliance with Governmental Accounting Standards. These Standards require certain disclosures and require the state and local governments to report using the modified accrual method of accounting. The District complies with all material requirements of these pronouncements.

The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance report information about the District's bond fund activities. These statements include all assets and liabilities, using the modified accrual basis of accounting. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.



**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

Comparisons of the balance sheets for Measure CC, March 2014, Bond Building Fund is presented below:

<b>Measure CC Balance Sheet</b>	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Assets</b>			
Cash in county treasury	\$ 437,540	\$ 6,042,937	-93%
Accounts receivable	9,468	35,558	-73%
<b>Total Assets</b>	<b>\$ 447,008</b>	<b>\$ 6,078,495</b>	<b>-93%</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 447,008	\$ 391,663	14%
<b>Total Liabilities</b>	<b>447,008</b>	<b>391,663</b>	<b>14%</b>
<b>Fund Balance</b>			
Restricted	-	5,686,832	-100%
<b>Total Fund Balance</b>	<b>-</b>	<b>5,686,832</b>	<b>-100%</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 447,008</b>	<b>\$ 6,078,495</b>	<b>-93%</b>

- Cash and total assets decreased over \$5.6 million due to expenditures for bond projects during the 2017-18 fiscal year net of bond proceeds and interest income.
- Accounts payable represents expenses that were incurred as of the end of the fiscal year, but not paid until the following year.
- Fund balance decreased over \$5.6 million due to spending down the bond proceeds for bond construction and renovation projects as planned.

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

Comparisons of the statements of revenues, expenditures, and changes in fund balance for Measure CC, March 2004, Bond Building Fund is presented below:

**Measure CC**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance**

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Revenues			
Interest and investment income	\$ 49,894	\$ 105,852	-53%
Total revenues	<u>49,894</u>	<u>105,852</u>	-53%
Expenditures			
Other services	8,666	(29,350)	-130%
Capital outlay	<u>5,728,060</u>	<u>9,572,362</u>	-40%
Total Expenditures	<u>5,736,726</u>	<u>9,543,012</u>	-40%
Net change in fund balance	(5,686,832)	(9,437,160)	40%
Fund Balance at Beginning of Year	5,686,832	15,123,992	-62%
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 5,686,832</u>	-100%

- Total expenditures decreased \$3.8 million due to the decrease in bond project activity. Bond project expenditures in this fund have ranged from \$108 thousand to \$ 31.9 million annually. Expenditures change due to many factors including construction plans, approvals, performance of contractors and the need to minimize disruption on the campuses due to construction work.

**OTHER INFORMATION**

**Selected Highlights**

The District continues to make significant progress with the construction of new facilities and the renovation of existing facilities including:

<b>Location/Project</b>	<b>% Complete</b>
Campus Fiber & Copper Backbone	75%
Campus Gas Main / Meter Relocation	90%
Central Plant Expansion	99%
Energy Management System Upgrade	99%
Health & Wellness Complex	60%

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

Outdoor Instructional Shade Structures	90%
Social Science Building Elevator	85%

Projects in the planning, design, and preconstruction stages are:

- Field House
- Performing Arts Center
- Student Services/Administration Building

These projects are funded through the District's \$210 million (Measure CC, March 2004) and \$350 million (Measure G, November 2012) general obligation bond programs.

**Economic Factors Affecting the Future of the Cerritos Community College District**

**Credit Ratings.** The District's bond ratings are Aa2 from Moody's Investors Service and AA from Standard and Poors. These ratings were received in November 2017.

**Contacting the District**

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be addressed to the Cerritos Community College District, Office of the Vice President of Business Services/Assistant Superintendent, 11110 Alondra Blvd., Norwalk, CA 90650.

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

**BALANCE SHEET  
June 30, 2018**

<b><u>Assets</u></b>	
Cash in county treasury	\$ 437,540
Accounts receivable	9,468
<b>Total Assets</b>	<b><u><u>\$ 447,008</u></u></b>
 <b><u>Liabilities and Fund Balance</u></b>	
<b>Liabilities</b>	
Accounts payable	\$ 447,008
<b>Total Liabilities</b>	<b><u>447,008</u></b>
 <b>Fund Balance</b>	
Restricted	<u>-</u>
<b>Total Fund Balance</b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 447,008</u></u></b>

See the accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

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

<b>Revenues</b>	
Interest and investment income	\$ 49,894
<b>Total Revenues</b>	<u>49,894</u>
<b>Expenditures</b>	
Other services	8,666
Capital outlay	<u>5,728,060</u>
<b>Total Expenditures</b>	<u>5,736,726</u>
Net change in fund balance	(5,686,832)
<b>Fund Balance at Beginning of Year</b>	<u>5,686,832</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ -</u></u>

See the accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, 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**

The financial statements include only the Measure CC, March 2004, Bond Building Fund of the Cerritos Community College District used to account for Measure CC, March 2004, projects. These funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2004. These financial statements are not intended to present fairly the financial position and results of operations of the Cerritos Community College District in compliance with accounting principles generally accepted in the United States of America.

**Fund Structure**

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure CC, March 2004, 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.

**Basis of Accounting**

The Measure CC, March 2004, 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 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

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Measure CC, March 2004, Bond Building Fund is therefore classified as restricted.

**Capital Assets and Long-Term Debt**

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure CC, March 2004, Bond Building Fund are determined by its measurement focus. The Measure CC, March 2004, 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 Measure CC, March 2004, 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 AND INVESTMENTS**

**Investments**

**Cash in County**

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. These pooled funds are carried at amortized cost which approximates fair value.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The county is restricted by Government Code Section 53635 pursuant to Section 53601 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.

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

Any investment losses are proportionately shared by all funds in the pool.

**NOTE 3: BONDED DEBT**

On March 2, 2004, \$210 million in general obligation bonds were authorized by an election (Measure CC) held within the District. The bonds were authorized to finance the repair deteriorating roofs, wiring, plumbing, inefficient heating/cooling systems; renovate aging classrooms, science/computer labs; repair, acquire, construct, equip college buildings, sites; improve parking/campus safety; upgrade job training/technology facilities

Between 2004-05 and 2014-15, the District issued bonds, Series A – D, totaling \$210 million. In 2004-05 and 2014-15, the District issued refunding bonds to refund outstanding balances or portions of Series A, B and C.

The balance of the bonds refunded was \$14 million less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of \$912 thousand was recognized during the fiscal year ended June 30, 2018.

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>
2004 Series A	7/1/2004	8/1/2028	4.00-5.00%	\$ 37,325,000	\$
Refunding 2005 Series A (1)	5/19/2005	8/1/2023	3.00-5.00%	27,135,994	
2006 Series B	9/6/2006	8/1/2031	4.50-5.00%	34,845,000	
2009 Series C	5/27/2009	8/1/2033	3.00-5.25%	55,000,000	2,560,000
2012 Series D	3/21/2012	8/1/2038	1.97-5.88%	82,825,515	81,210,989
Refunding 2014 Series A (2)	11/4/2014	8/1/2033	1.75-5.00%	80,395,000	77,845,000
Refunding 2014 Series B (2)	11/4/2014	8/1/2023	0.506-3.121%	17,975,000	13,840,000
Total					<u>\$ 175,455,989</u>

(1) Refunding 2005 Series A - refunded portions of 2004 Series A.

(2) Refunding 2014 Series A and B - refunded the outstanding 2004 Series A, Refunding 2005 Series A, 2006 Series B and portions of 2009 Series C.

The annual debt service requirements to maturity for general obligation bonds are as follows:



**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

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

**NOTE 3: BONDED DEBT**

Year Ending June 30,	Principal	Accreted Interest	Interest
2019	\$ 4,333,997	\$ 161,003	\$ 8,515,023
2020	4,779,443	240,557	8,398,093
2021	5,131,605	343,395	5,876,366
2022	5,614,058	470,942	5,706,460
2023	6,113,998	606,002	5,523,292
2024-2028	36,850,209	7,699,792	24,963,365
2029-2033	48,886,623	18,718,377	14,794,595
2034-2038	47,421,056	30,343,944	8,301,188
2039	16,325,000	-	-
Total	<u>\$ 175,455,989</u>	<u>\$ 58,584,012</u>	<u>\$ 82,078,382</u>

**NOTE 4: PURCHASE COMMITMENTS**

During the fiscal year ending June 30, 2018, all proceeds from the Measure CC, March 2004, issuances had been fully spent. There are no capital expenditure purchase agreements.

**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***

District Board of Trustees  
Cerritos Community College District  
Norwalk, 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 Measure CC, March 2004, Bond Building Fund financial statements of the Cerritos Community College District (the District), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's Measure CC, March 2004, Bond Building Fund financial statements, and have issued our report thereon dated November 26, 2018.

**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.

**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***

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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

**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**

Glendora, California

November 26, 2018

**CERRITOS COMMUNITY COLLEGE DISTRICT  
MEASURE CC, MARCH 2004, BOND BUILDING FUND**

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

There were no findings related to the financial audit of the Measure CC, March 2004, Bond Building Fund for the fiscal year ended June 30, 2018. In addition, there were no findings related to the performance audit of the Measure CC, March 2004, Bond Building Fund for the fiscal year ended June 30, 2017.

**PERFORMANCE AUDIT OF MEASURE CC, MARCH 2004**



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

District Board of Trustees  
Cerritos Community College District  
Norwalk, California

We have conducted a performance audit of the Cerritos Community College District (the District) Measure CC, March 2004, Bond Building Fund for the fiscal 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 21 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure CC, March 2004, Bond Building Fund 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 Measure CC, March 2004, Bond Building Fund 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.

A handwritten signature in black ink that reads 'CliftonLarsonAllen LLP'.

**CliftonLarsonAllen LLP**  
Glendora, California  
November 26, 2018

**CERRITOS COMMUNITY COLLEGE DISTRICT  
PERFORMANCE AUDIT OF MEASURE CC, MARCH 2004**

**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.

On March 2, 2004, a general obligation bond proposition (Measure CC, March 2004) of the District was approved by the voters of that District. Measure CC, March 2004, authorized the District to issue up to \$210 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' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, 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 Measure CC, March 2004, bond authorization. The Citizens' Oversight Committee 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 Measure CC, March 2004, Bond Building Fund have been expended only for the authorized bond projects.

**OBJECTIVES**

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Measure CC, March 2004, Bond Building Fund.
- Determine whether expenditures charged to the Measure CC, March 2004, Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure CC, in March 2004.

**SCOPE OF THE AUDIT**

The scope of our performance audit covered the fiscal period from July 1, 2017 to June 30, 2018. The sample of expenditures tested included 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 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.

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**PROCEDURES PERFORMED**

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2018, for the Measure CC, March 2004, Bond Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure CC, March 2004, with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure CC, March 2004, election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2018, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 37 transactions totaling \$3,384,966. This represents 59.0% of total expenditures of \$5,736,726.
  - 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 Measure CC, March 2004, Bond Building Fund and that such expenditures were made on authorized bond projects.

During the fiscal year ending June 30, 2018, all proceeds from the Measure CC, March 2004, issuances had been fully spent.

**SCHEDULE OF FINDINGS AND RESPONSES**

There were no findings related to the performance audit of the Measure CC, March 2004, Bond Building Fund for the fiscal year ended June 30, 2018. In addition, there were no findings related to the performance audit of the Measure CC, March 2004, Bond Building Fund for the fiscal year ended June 30, 2017.