

CERRITOS COLLEGE
GENERAL OBLIGATION BOND
MINUTES OF THE MEETING OF THE
CITIZENS' BOND OVERSIGHT COMMITTEE

May 8, 2017

I. Call to Order

The Chair of the committee was not present. Dr. Fierro acted on her behalf and called the meeting to order at 6:02 p.m. Those present were:

Alan Gafford
Lola Rizkallah

Phillip Herrera
Parimal Shah

John Moore

Absent: Lisa Ann Rapp

Others present were: Ali Delawalla, Dr. Jose Fierro, Felipe Lopez, David Moore, and Jimmy Riordan from Tilden-Coil Constructors.

II. Welcome by Dr. Jose Fierro, President/Superintendent

Dr. Fierro welcomed each of the Citizens' Bond Oversight Committee members. He noted that the Health and Wellness Complex groundbreaking took place on April 5, 2017 and the old Fine Arts Building is in the process of demolition.

III. Introductions

Each of the Citizens' Bond Oversight Committee members introduced themselves.

IV. Public Comments

There were no public comments.

V. Approval of Minutes – May 9, 2016 and January 31, 2017

It was moved by Mr. Moore and seconded by Mr. Herrera that the minutes of May 9, 2016 be approved as presented. Alan Gafford, Phillip Herrera and Lola Rizkallah abstained. The minutes were approved as presented.

The January 31, 2017 minutes were not approved as there was not a quorum.

VI. Approval of Draft 2015-2016 Annual Report to the Committee

Mr. Lopez reviewed the draft 2015-2016 Annual Report of the Citizens' Bond Oversight Committee. He noted this is a new report that provides information regarding the committee, an executive summary of bond expenditures, statement of compliance, the 2015-2016 committee roster, a year thirteen commentary, Measure CC and Measure G bond fund information, a continuing disclosure certificate and an

CERRITOS COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE CC
FINANCIAL AND PERFORMANCE AUDITS
June 30, 2017

CERRITOS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

June 30, 2017

Financial Audit of Measure CC Bond Building Fund	1
Independent Auditor's Report.....	2
Management's Discussion and Analysis	5
Balance Sheet – Measure CC, March 2004 Bond Building Fund	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Measure CC, March 2004 Bond Building Fund	11
Notes to the Financial Statements.....	12
Independent Auditor's 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>	16
Schedule of Findings and Responses.....	18
Performance Audit of Measure CC	19
Independent Auditor's Report on Proposition 39 Compliance Requirements.....	20
Background Information.....	21
Objectives	21
Scope of the Audit	21
Procedures Performed.....	22
Conclusion	22
Schedule of Findings and Responses.....	22

**FINANCIAL AUDIT OF MEASURE CC
BOND BUILDING FUND**

INDEPENDENT AUDITOR'S REPORT

District Board of Trustees
Cerritos Community College District
Norwalk, California

Report on the Financial Statements

We have audited the accompanying Measure CC financial statements of the Cerritos Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's Measure CC 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure CC Bond Building Fund of the District as of June 30, 2017, 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 Bond Building Fund and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2017, or the change in its financial position for the 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

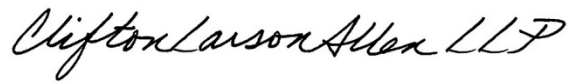
Required Supplementary Information

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 December 5, 2017 on our consideration of the District's internal control over the Measure CC 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 on the effectiveness of the District's internal control over the Measure CC 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 Bond Building Fund financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California

December 5, 2017

CERRITOS COMMUNITY COLLEGE DISTRICT MEASURE CC BOND BUILDING FUND

MANAGEMENT’S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2017

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 Funds of the District for the fiscal year ended June 30, 2017, with comparative information for fiscal year ended June 30, 2016. 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:

“Repairing 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:

- 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
- Community-at-large Representative

The Citizen’s Oversight Committee is charged with informing the public, reviewing expenditures, and preparing an annual report. They meet each January and May and receive expenditure reports and construction updates.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

For the fiscal year ended June 30, 2017, the major expenditures were for the Math/Computer Information (CIS) Building and Wayfinding project.

FINANCIAL HIGHLIGHTS

The restricted fund balance of Cerritos Community College District Bond Funds at the close of fiscal year 2017 is \$5,686,832. All of the fund balance is available to meet the District's ongoing obligations for its bond projects.

Funding for the Bond Fund is derived from general obligation bond proceeds and related premiums and interest income. The Fund is 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.

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

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

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**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

Comparisons of the statements of revenues, expenditures, and changes in fund balance for Measure CC is presented below:

Measure CC

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

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Revenues			
Interest and investment income	\$ 105,852	\$ 193,636	-45%
Total revenues	<u>105,852</u>	<u>193,636</u>	-45%
Expenditures			
Other services	(29,350)	38,714	-176%
Capital outlay	<u>9,572,362</u>	<u>14,952,345</u>	-36%
Total Expenditures	<u>9,543,012</u>	<u>14,991,059</u>	-36%
Net change in fund balance	(9,437,160)	(14,797,423)	36%
Fund Balance at Beginning of Year	15,123,992	29,921,415	-49%
Fund Balance at End of Year	<u>\$ 5,686,832</u>	<u>\$ 15,123,992</u>	-62%

- Total expenditures decreased \$5.4 million due to the decrease in bond project activity. Bond project expenditures in this fund have ranged from \$108.0 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:

Location/Project	% Complete
Campus Fiber Infrastructure	95%
Central Plant Expansion	14%
Energy Management System Upgrade	74%
Fine Arts Building	95%
Health & Wellness Complex	11%
Math/Computer Information Systems (CIS) Building	95%

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

Location/Project	% Complete
Outdoor Instructional Shade Structures	47%
Stadium Turf Replacement	24%

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

- Field House
- Performing Arts Center
- Campus Fiber & Copper Backbone
- Social Science Building Elevator
- Campus Gas Main / Meter Relocation
- Parking Lot Improvements

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.

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 BOND BUILDING FUND**

**BALANCE SHEET
June 30, 2017**

Assets

Cash in county treasury	\$ 6,042,937
Accounts receivable	<u>35,558</u>
Total Assets	<u><u>6,078,495</u></u>

Liabilities and Fund Balance

Liabilities

Accounts payable	<u>\$ 391,663</u>
Total Liabilities	<u>391,663</u>

Fund Balance

Restricted	<u>5,686,832</u>
Total Fund Balance	<u>5,686,832</u>
Total Liabilities and Fund Balance	<u><u>\$ 6,078,495</u></u>

See the accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2017**

Revenues

Interest and investment income	\$ 105,852
Total Revenues	<u>105,852</u>

Expenditures

Other services	(29,350)
Capital outlay	<u>9,572,362</u>
Total Expenditures	<u>9,543,012</u>

Net change in fund balance	(9,437,160)
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Fund Balance at Beginning of Year	<u>15,123,992</u>
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Fund Balance at End of Year	<u><u>\$ 5,686,832</u></u>
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See the accompanying notes to the financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

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 Bond Building Fund Measure CC funds of the Cerritos Community College District used to account for Measure CC 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 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 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 purposes for which amounts can be spent. Amounts for which constraints have been placed on

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 Bond Building Fund are determined by its measurement focus. The Measure CC 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 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. Any investment losses are proportionately shared by all funds in the pool.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

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 year ended June 30, 2017.

The outstanding general obligation bonded debt of the District at June 30, 2017 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2017
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	3,610,000
2012 Series D	3/21/2012	8/1/2038	1.97-5.88%	82,825,515	81,752,021
Refunding 2014 Series A (2)	11/4/2014	8/1/2033	1.75-5.00%	80,395,000	78,350,000
Refunding 2014 Series B (2)	11/4/2014	8/1/2023	0.506-3.121%	17,975,000	15,670,000
Total					<u>\$ 179,382,021</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.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE CC BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 3: BONDED DEBT

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

Year Ending June 30,	Accreted		
	Principal	Interest	Interest
2018	\$ 3,926,033	\$ 93,967	\$ 8,608,299
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
2023-2027	34,497,094	6,192,907	25,316,588
2028-2032	49,079,791	13,450,208	17,608,545
2033-2037	40,105,000	37,725,000	9,892,682
2038-2039	31,915,000		764,625
Total	<u>\$ 179,382,021</u>	<u>\$ 58,677,979</u>	<u>\$ 90,686,681</u>

NOTE 4: PURCHASE COMMITMENTS

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for Measure CC, March 2004 bond projects totaling approximately \$167.2 thousand.

**INDEPENDENT AUDITOR'S 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 year ended June 30, 2017, 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 December 5, 2017.

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 opinions 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 AUDITOR'S 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

December 5, 2017

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

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2017**

There were no findings related to the financial audit of the Measure CC, March 2004 Bond Building Fund for the year ended June 30, 2017. In addition, there were no findings related to the performance audit of the Measure CC, March 2004 Bond Building Fund for the year ended June 30, 2016.

PERFORMANCE AUDIT OF MEASURE CC

INDEPENDENT AUDITOR'S 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 funds for the year ended June 30, 2017.

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 15 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure CC, March 2004 bond funds 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 funds for the fiscal year ended June 30, 2017, 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.



CliftonLarsonAllen LLP
Glendora, California
December 5, 2017

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

June 30, 2017

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, 2016 to June 30, 2017. 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, 2017, were not reviewed or included within the scope of our audit or in this report.

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

June 30, 2017

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, 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 year ended June 30, 2017, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 34 transactions totaling \$5,702,104. This represents 59.8% of total expenditures of \$9,543,012.
 - 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.

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 year ended June 30, 2017. In addition, there were no findings related to the performance audit of the Measure CC, March 2004 Bond Building Fund for the year ended June 30, 2016.

CERRITOS COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G
FINANCIAL AND PERFORMANCE AUDITS
June 30, 2017

CERRITOS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

June 30, 2017

Financial Audit of Measure G Bond Building Fund	1
Independent Auditor's Report.....	2
Management's Discussion and Analysis	5
Balance Sheet – Measure G Bond Building Fund	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Measure G Bond Building Fund	11
Notes to the Financial Statements.....	12
Independent Auditor's 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>	16
Schedule of Findings and Responses.....	18
Performance Audit of Measure G	19
Independent Auditor's Report on Proposition 39 Compliance Requirements.....	20
Background Information.....	21
Objectives	21
Scope of the Audit	21
Procedures Performed.....	22
Conclusion	22
Schedule of Findings and Responses.....	22

**FINANCIAL AUDIT OF MEASURE G
BOND BUILDING FUND**

INDEPENDENT AUDITOR'S REPORT

District Board of Trustees
Cerritos Community College District
Norwalk, California

Report on the Financial Statements

We have audited the accompanying Measure G financial statements of the Cerritos Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's Measure G 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditor's 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure G Bond Building Fund of the District as of June 30, 2017, 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 G Bond Building Fund and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2017, or the change in its financial position for the 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 December 5, 2017 on our consideration of the District's internal control over the Measure G 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 on the effectiveness of the District's internal control over the Measure G 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 G Bond Building Fund financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California

December 5, 2017

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

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 Funds of the District for the fiscal year ended June 30, 2017, with comparative information for fiscal year ended June 30, 2016. The fund was established after the November 2012 election (Measure G). 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 G was on the local ballot on November 6, 2012. The ballot measure asked local voters to prepare local Cerritos College students by:

“Updating classrooms, technology, math, science and computer labs, upgrading job-training facilities, providing classrooms and labs to accommodate growing demand, replacing leaky roofs, aging and unsafe buildings, facilities/equipment, and acquiring, constructing, repairing buildings, classrooms, sites/facilities/equipment.”

The voters overwhelmingly approved Measure G with a 70.33% pass rate.

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

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
Community-at-large Representative

CERRITOS COMMUNITY COLLEGE DISTRICT MEASURE G BOND BUILDING FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year Ended June 30, 2017

The Citizen's Oversight Committee is charged with informing the public, reviewing expenditures, and preparing an annual report. They meet each January and May and receive expenditure reports and construction updates.

For the fiscal year ended June 30, 2017, the major expenditures were the Fine Arts Building, Health and Wellness Complex, Central Plant Expansion and Energy Management System (EMS) upgrade, Outdoor Instructional Shade Structures, Electrical upgrades, and Campus Wide Security project.

FINANCIAL HIGHLIGHTS

The restricted fund balance of Cerritos Community College District Bond Funds at the close of fiscal year 2017 is \$12,252,658. 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

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

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.

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 G is presented below:

Measure G Balance Sheet	2017	2016	% Change
Assets			
Cash in county treasury	\$ 18,691,127	\$ 47,162,325	-60%
Accounts receivable	133,557	171,764	-22%
Total Assets	<u>\$ 18,824,684</u>	<u>\$ 47,334,089</u>	-60%
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 6,572,026	\$ 3,437,697	91%
Total Liabilities	<u>6,572,026</u>	<u>3,437,697</u>	91%
Fund Balance			
Restricted	12,252,658	43,896,392	-72%
Total Fund Balance	<u>12,252,658</u>	<u>43,896,392</u>	-72%
Total Liabilities and Fund Balance	<u>\$ 18,824,684</u>	<u>\$ 47,334,089</u>	-60%

- Cash and total assets decreased over \$28.5 million due to expenditures for bond projects during the 2016-17 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. There were more projects that incurred expenses late in fiscal year 2016-17, which resulted in a \$3.1 million increase in accounts payable.
- Fund balance decreased over \$31.6 million due to spending down the bond proceeds for bond construction and renovation projects as planned.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

Comparisons of the statements of revenues, expenditures, and changes in fund balance for Measure G is presented below:

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

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Revenues			
Interest and investment income	\$ 360,366	\$ 497,586	-28%
Total revenues	<u>360,366</u>	<u>497,586</u>	-28%
Expenditures			
Supplies	2,819	1,757	60%
Other services	31,135	26,613	17%
Capital outlay	<u>31,970,146</u>	<u>30,947,974</u>	3%
Total Expenditures	<u>32,004,100</u>	<u>30,976,344</u>	3%
Net change in fund balance	(31,643,734)	(30,478,758)	4%
Fund Balance at Beginning of Year	43,896,392	74,375,150	-41%
Fund Balance at End of Year	<u>\$ 12,252,658</u>	<u>\$ 43,896,392</u>	-72%

- Total expenditures increased \$1.0 million due to the increase in bond project activity. Bond project expenditures in this fund have ranged from \$1.9 to \$32.0 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:

Location/Project	% Complete
Campus Fiber Infrastructure	95%
Central Plant Expansion	14%
Energy Management System Upgrade	74%

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2017**

Location/Project	% Complete
Fine Arts Building	95%
Health & Wellness Complex	11%
Math/Computer Information Systems (CIS) Building	95%
Outdoor Instructional Shade Structures	47%
Stadium Turf Replacement	24%

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

- Field House
- Performing Arts Center
- Campus Fiber & Copper Backbone
- Social Science Building Elevator
- Campus Gas Main / Meter Relocation
- Parking Lot Improvements

These projects are funded through the District's \$210.0 million (Measure CC, March 2004) and \$350.0 million (Measure G, November 2012) general obligation bond programs.

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.

Subsequent Bond Issuance

The District is issuing \$75.0 million in 2018 General Obligation Series B. The bonds are anticipated to be issued in January 2018.

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 G BOND BUILDING FUND**

**BALANCE SHEET
June 30, 2017**

Assets

Cash in county treasury	\$ 18,691,127
Accounts receivable	<u>133,557</u>
Total Assets	<u><u>\$ 18,824,684</u></u>

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 6,570,965
Taxes payable	<u>1,061</u>
Total Liabilities	<u>6,572,026</u>

Fund Balance

Restricted	<u>12,252,658</u>
Total Fund Balance	<u>12,252,658</u>
Total Liabilities and Fund Balance	<u><u>\$ 18,824,684</u></u>

See accompanying notes to financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2017**

Revenues

Interest and investment income	\$ 360,366
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Total Revenues	<u>360,366</u>
-----------------------	----------------

Expenditures

Supplies	2,819
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Other services	31,135
----------------	--------

Capital outlay	<u>31,970,146</u>
----------------	-------------------

Total Expenditures	<u>32,004,100</u>
---------------------------	-------------------

Net change in fund balance	(31,643,734)
----------------------------	--------------

Fund Balance at Beginning of Year	<u>43,896,392</u>
--	-------------------

Fund Balance at End of Year	<u><u>\$ 12,252,658</u></u>
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See accompanying notes to financial statements.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

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 Bond Building Fund Measure G funds of the Cerritos Community College District used to account for Measure G projects. These funds were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2012. 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 G 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 G 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 purposes for which amounts can be spent. Amounts for which constraints have been placed on

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 G 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 G Bond Building Fund are determined by its measurement focus. The Measure G 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 G 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. Any investment losses are proportionately shared by all funds in the pool.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 3: BONDED DEBT

On November 6, 2012, \$350 million in general obligation bonds were authorized by an election (Measure G) held within the District. The bonds were authorized to finance the update of classrooms, technology, math, science and computer labs, upgrade of job-training facilities, provide classrooms and labs to accommodate growing demand, replace leaky roofs, aging and unsafe buildings, facilities/equipment, and acquire, construct, repair buildings, classrooms, sites/facilities/equipment.

In 2014-15, the District issued bonds, Series A, totaling \$100 million.

The outstanding general obligation bonded debt of the District at June 30, 2017 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2017
2014 Series A	11/4/2014	8/1/2044	1.50-5.00	\$ 100,000,000	\$ 81,355,000
Total					<u>\$ 81,355,000</u>

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

Year Ending June 30,	Principal	Interest
2018	\$ 7,455,000	\$ 3,459,550
2019		3,310,450
2020		3,310,450
2021		3,310,450
2022		3,310,450
2023-2027		16,552,250
2028-2032	2,310,000	16,494,500
2033-2037	17,200,000	14,029,750
2038-2042	29,435,000	8,411,975
2043-2045	24,955,000	1,550,900
Total	<u>\$ 81,355,000</u>	<u>\$ 73,740,725</u>

NOTE 4: PURCHASE COMMITMENTS

As of June 30, 2017, the District was committed under various capital expenditure purchase agreements for Measure G bond projects totaling approximately \$51.1 million.

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017**

NOTE 5: SUBSEQUENT EVENTS

On November 15, 2017, the Board of Trustees authorized the issuance of \$75 million of the Election of 2012 General Obligation Bonds, Series 2018B. The bonds were authorized to finance the update of classrooms, technology, math, science and computer labs, upgrade of job-training facilities, provide classrooms and labs to accommodate growing demand, replace leaky roofs, aging and unsafe buildings, facilities/ equipment, and acquire, construct, repair buildings, classrooms, sites/facilities/equipment. The District anticipates the bonds will be issued in January 2018.

**INDEPENDENT AUDITOR'S 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 G Bond Building Fund financial statements of the Cerritos Community College District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's Measure G Bond Building Fund financial statements, and have issued our report thereon dated December 5, 2017.

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 opinions 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 AUDITOR'S 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

December 5, 2017

**CERRITOS COMMUNITY COLLEGE DISTRICT
MEASURE G BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2017**

There were no findings related to the financial audit of the Measure G Bond Building Fund for the year ended June 30, 2017.

PERFORMANCE AUDIT OF MEASURE G

INDEPENDENT AUDITOR'S 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 G bond funds for the year ended June 30, 2017.

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 15 of this report which includes determining the District's compliance with the performance requirements for the Proposition 39 Measure G bond funds 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 G bond funds for the fiscal year ended June 30, 2017, 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.



CliftonLarsonAllen LLP
Glendora, California
December 5, 2017

CERRITOS COMMUNITY COLLEGE DISTRICT PERFORMANCE AUDIT OF MEASURE G

June 30, 2017

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 November 6, 2012, a general obligation bond proposition (Measure G) of the District was approved by the voters of that District. Measure G authorized the District to issue up to \$350 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 G 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 G 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 G Bond Building Fund.
- Determine whether expenditures charged to the Measure G Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure G in November 2012.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2016 to June 30, 2017. 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, 2017, were not reviewed or included within the scope of our audit or in this report.

CERRITOS COMMUNITY COLLEGE DISTRICT PERFORMANCE AUDIT OF MEASURE G

June 30, 2017

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the Measure G 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 G 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 G election documents.
- We selected a sample of expenditures for the year ended June 30, 2017, and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects. Our sample included 72 transactions totaling \$16,159,899. This represents 50.5% of total expenditures of \$32,004,100.
 - 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 G Bond Building Fund and that such expenditures were made on authorized bond projects.

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit of the Measure G Bond Building Fund for the year ended June 30, 2017. In addition, there were no findings related to the performance audit of the Measure G Bond Building Fund for the year ended June 30, 2016.

appendix which provides hyperlinks to all the available GO Bond information on our website.

It was moved by Alan Gafford and seconded by Lola Rizkallah to approve the draft 2015-2016 Annual Report to the Citizens' Bond Committee. The motion passed unanimously.

VII. Measure CC and Measure G Expenditure Lists as of March 31, 2017

The committee reviewed the two expenditure lists which reflected the G.O. Bond expenditures and/or monetary commitments of the college for both Measure CC and Measure G through March 31, 2017.

VIII. Measure CC and Measure G Construction Update

Jimmy Riordan of Tilden Coil Constructors provided an update of both the ongoing and upcoming G.O. Bond construction projects on campus.

IX. Continuing Disclosure Annual Report for the Period Ending June 30, 2016

Mr. Lopez reviewed the Continuing Disclosure Annual Report for the period ending June 30, 2016. He noted that this report outlines audited financial statements, current year budget, full-time equivalent students, information relating to the District's outstanding debt history, history of assessed valuations of taxable property within the District, secured tax charges and delinquencies, history of tax rates, ratings, debt service schedules and the official statement cover pages and continuing disclosure certificates.

X. Report of Citizens' Bond Oversight Committee Members

Mr. Moore noted that he enjoys his time on the committee and hearing about all the upcoming and completed construction projects.

XI. Next Meeting – December 11, 2017

The next meeting is scheduled for December 11, 2017.

XII. Adjournment

The meeting adjourned at 7:15 p.m.

CERRITOS COLLEGE REVENUE BOND FUND - MEASURE CC

GENERAL OBLIGATION BOND AS OF 12/31/17

Location#	Project Description	Budget Updated (Per Print Date: 2/21/17)	Total Expended Amount	Encumbered Amount	Balance to Complete
	COPS Repayment	17,957,329	17,957,329	-	-
64012/64022	Planning & Evaluation Fees	2,506,680	2,506,679	-	-
64004/64015	Bond Implementation/Management	17,424,643	17,424,643	-	-
61004	Science Building	6,512,521	6,512,521	-	-
61015	Metals - Seismic	667,647	667,647	-	-
61016	Woodworking - Seismic	329,666	329,666	-	-
64013/64028	Information Technology Upgrade/Enhancement	4,441,424	4,441,422	-	-
61017	Track & Artificial Turf	3,760,728	3,760,728	-	-
64016,17,36	Athletic Fields (Soccer, Tennis and Baseball)	4,230,495	4,240,645	-	-
61023	Health Sciences	81,139	81,139	-	-
64006	Infrastructure/Site Utilities Upgrade	28,230,322	28,222,361	-	-
64005	Physical Science & Technology Bldg	15,013,849	15,021,810	-	-
64007	Facilities/ Purchasing Complex	9,521,183	9,521,182	-	-
64008	Liberal Arts/DSPS	21,058,768	21,060,631	42,207	-
64009	Social Science	2,164,689	2,164,689	-	-
64009/64011	Social Science Elevator	-	-	133,865	-
64010	Parking Lots - Improvements to Existing	2,516,125	2,516,126	14,200	-
64014	Parking Lot 2 Renovation	-	165,763	66,036	-
64018	Auto Tech Center	7,729,938	7,729,938	-	-
63019	Auto Partners (SCCTT)	4,378,455	4,378,455	-	-

CERRITOS COLLEGE REVENUE BOND FUND - MEASURE CC

GENERAL OBLIGATION BOND AS OF 12/31/17

Location#	Project Description	Budget Updated (Per Print Date: 2/21/17)	Total Expended Amount	Encumbered Amount	Balance to Complete
64020	Site Development (Walkways/Fire Lanes, Landscape)	894,574	893,861	-	713
64021	Fire Alarm Upgrades	6,958,301	6,957,802	500	-
64024	Environmental Survey, Evaluation & Demolition	1,876,986	1,876,986	-	-
64011/64033	Pool/Pool House, Restrooms, Storage	6,008,931	6,008,931	-	-
64027	Campus Accessibility Upgrades	222,017	222,017	-	-
64023	Swing Space & Moving Costs	5,759,201	5,759,201	-	-
64025	Learning Resource Center	635,932	635,933	-	-
64026	Health, Safety, & Security Improvements	189,513	189,513	-	-
64030	Parking Lots - New/Entry & Drop Off	1,959,099	1,959,099	-	-
64031	Campus-Wide Signage	15,666	15,666	-	-
64032	Campus Group 2 Equipment	638,057	638,057	-	-
64034	Science Building - Plaster & Painting Repairs	125,752	125,752	-	-
64035*	Stadium Turf Replacement	3,000,000	1,899,677	11,135	1,089,188
64037	Restroom Projects	768,173	768,174	-	-
64038	Gymnasium	3,548,177	4,500,788	-	-
64039	Culinary Arts Renovation	137,516	137,516	-	-
64040	Fine Arts	181,945	239,103	-	-
64041	Child Development Center - Relocation	6,311,783	6,311,783	17,965	-
64042	Gym Site Improvements/Marquee	1,384,145	1,384,145	-	-
64043	Division of State Architect Closeout - Uncertified Projects	390,361	250,556	13,182	126,623

CERRITOS COLLEGE REVENUE BOND FUND - MEASURE CC

GENERAL OBLIGATION BOND AS OF 12/31/17

Location#	Project Description	Budget Updated (Per Print Date: 2/21/17)	Total Expended Amount	Encumbered Amount	Balance to Complete
64044	Roof Replacement	721,864	721,864	-	-
64045	Computer Information Systems/ Math	22,977,768	22,314,628	429,031	234,109
64047	Student Center Improvements	-	131,078	-	-
64048	Boardroom Upgrade	-	102,719	-	-
64049	Infrastructure Project	-	158,163	37,948	-
64051*	IT Infrastructure	2,600,000	676,002	1,272,985	651,013
64055*	Press Box	715,000	701,286	177,295	-
64056*	Landscape	1,164,948	1,002,129	-	162,819
64058*	Way Finding	1,727,492	1,621,471	22,810	83,211
64068	Student Services Relocation	2,276,459	2,072,872	-	203,587
64069*	Security Fence	345,857	310,671	-	35,186
64090*	Sports Field Restrooms	659,612	659,929	5,800	-
	Total	222,720,730	219,950,748	2,244,959	2,586,449
	Fiscal 2017-18 Total Expenditures	3,323,998			
	Fiscal 2017-18 Ending Fund Balance (As of 12/31/17):	2,383,183			
	* New project added; from Measure G				

CERRITOS COLLEGE REVENUE BOND FUND - MEASURE G

GENERAL OBLIGATION BOND AS OF 12/31/17

Location	Project Description	Budget Updated (Per Print Date: 2/16/17)	Total Expended Amount	Encumbered Amount	Balance to Complete
65000	GO Bond Series 5		466,075	-	-
65004	Bond Implementation and Administration	2,000,000	683,936	232,508	1,083,556
65009	Social Science Renovation Project		399	3,101	-
65010	Parking Lots: Improvements	5,000,000	352,141	2,393,747	2,254,112
65011	Social Science Elevator	1,826,252	225,856	2,816,338	-
65015	Construction Management	15,000,000	1,970,636	883,090	12,146,274
65023	Swing Space	1,939,796	1,973,895	-	-
65025	Learning Resource Center	7,218,478	6,988,824	-	229,654
65035*	Stadium Turf Replacement	-	164,221	191,692	-
65039	Culinary Arts	7,603,210	7,671,930	8,500	-
65040	Fine Arts	33,530,000	33,808,947	646,063	-
65041	Child Development Center	5,000,000	34,940	-	4,965,060
65044	Roof Replacements	3,000,000	2,237,437	-	762,563
65050	Campus Wide Projects - Security	1,475,000	1,623,747	268,858	-
65051	IT Infrastructure	-	1,100	22,612	-
65052	Health & Wellness Complex	67,800,000	19,817,050	41,096,802	6,886,149
65053	Health Science	9,990,000	80,000	-	9,910,000
65054	Field House	11,660,000	631,802	511,894	10,516,304
65055	Press Box	-	-	-	-
65056	Landscape	-	2,200	-	-
65057	Shade Structures	6,900,000	5,053,053	1,658,279	188,668

CERRITOS COLLEGE REVENUE BOND FUND - MEASURE G

GENERAL OBLIGATION BOND AS OF 12/31/17

Location	Project Description	Budget Updated (Per Print Date: 2/16/17)	Total Expended Amount	Encumbered Amount	Balance to Complete
65058	Way Finding	-	3,850	-	-
65059	Electrical Upgrade	3,780,000	5,712,207	324,282	-
65060	Central Plant Expansion & EMS Upgrade	10,800,000	7,005,638	3,071,435	722,927
65061	Burnight Center	70,600,000	4,910,152	5,100,255	60,589,593
65062	Utilities Infrastructure	2,400,000	186,458	20,000	2,193,542
65063	Utilities Infrastructure	-	-	-	-
65064	Sports Infrastructure	-	-	-	-
65065	Modernization	10,000,000	-	-	10,000,000
65066	Falcon Center	70,447,500	-	-	70,447,500
65067	Business Education/Language Arts	23,230,000	-	-	23,230,000
65068	Student Services Relocation	-	135,268	-	-
65075	LRC Improvements - Swing Space	1,496,006	1,496,006	-	-
65079	Culinary Arts - Swing Space	1,193,893	1,193,893	-	-
	Contingency	-			-
	Total	373,890,135	104,431,660	59,249,456	216,125,902
	Fiscal 2017-18 Total Expenditures	15,486,217			
	Fiscal 2017-18 Ending Fund Balance (As of 12/31/17)	(3,192,692)			
	* Project moved to Measure CC				