

GLENDALE COMMUNITY COLLEGE DISTRICT

**GENERAL OBLIGATION BOND
CONSTRUCTION FUND (MEASURE G)
FINANCIAL AND PERFORMANCE AUDITS**

JUNE 30, 2017

GLENDALE COMMUNITY COLLEGE DISTRICT

**GENERAL OBLIGATION BOND
CONSTRUCTION FUND (MEASURE G)**

FINANCIAL AUDIT

JUNE 30, 2017

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

**FINANCIAL AUDIT
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JUNE 30, 2017**

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FINANCIAL SECTION



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee
Glendale Community College District
Glendale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Glendale Community College District's (the District) General Obligation Bond Construction Fund (Measure G), as of and for the year ended June 30, 2017, and the related notes to the 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 statement 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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 General Obligation Bond Construction Fund (Measure G) of the District at 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 only the General Obligation Bond Construction Fund specific to Measure G, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018, on our consideration of the District's General Obligation Bond Construction Fund (Measure G) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 General Obligation Bond Construction Fund (Measure G) internal control over 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 General Obligation Bond Construction Fund (Measure G) internal control over financial reporting and compliance.

Varunesh Taneja, Day & Co, LLP

Rancho Cucamonga, California
January 8, 2018

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

**BALANCE SHEET
JUNE 30, 2017**

ASSETS

Investments	\$ 7,054,056
Accounts receivable	<u>22,673</u>
Total Assets	<u>\$ 7,076,729</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 222,873</u>
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FUND BALANCE

Restricted	
Capital projects	<u>6,853,856</u>
Total Liabilities and Fund Balance	<u>\$ 7,076,729</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
JUNE 30, 2017**

REVENUES

Local revenues \$ 90,268

EXPENDITURES

Current Expenditures

Services and operating expenditures 565,971

Capital outlay 2,544,274

Total Expenditures 3,110,245

EXCESS OF EXPENDITURES OVER REVENUES (3,019,977)

FUND BALANCE, BEGINNING OF YEAR 9,873,833

FUND BALANCE, END OF YEAR \$ 6,853,856

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Fund Accounting

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

Basis of Accounting

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

Budgets and Budgetary Accounting

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Use of Estimates

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

Fund Balance

As of June 30, 2017, the fund balance of the General Obligation Bond Construction Fund (Measure G) was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

New Accounting Pronouncements

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 2 - INVESTMENTS

Policies and Practices

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

Investment in County Treasury

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

General Authorizations

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

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

Authorized Under Debt Agreements

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Los Angeles County Investment Pool. The District maintains a General Obligation Bond Construction Fund (Measure G) investment of \$7,054,056 with the Los Angeles County Investment Pool, with an average maturity of 672 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool are not required to be rated. However, as of June 30, 2017, the Los Angeles County Investment Pool has been rated by Fitch Ratings as AAA.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Los Angeles County Investment Pool	<u>\$ 7,012,065</u>	<u>\$ 7,012,065</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2017, consist of the following:

Interest	<u>\$ 22,673</u>
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NOTE 5 - ACCOUNTS PAYABLE

Payables at June 30, 2017, consist of the following:

Construction	<u>\$ 222,873</u>
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**GLENDALE COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND CONSTRUCTION FUND (MEASURE G)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 - FUND BALANCE

Fund balance at June 30, 2017, is composed of the following element:

Restricted	
Capital projects	<u><u>\$ 6,853,856</u></u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Litigation

The District is currently not involved in litigation involving the General Obligation Fund Construction Fund (Measure G).

Construction Commitments

As of June 30, 2017, the District did not have any commitments with respect to the unfinished general obligation funded capital projects.

INDEPENDENT AUDITOR'S REPORT



**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***

Board of Trustees and Citizens' Oversight Committee
Glendale Community College District
Glendale, California

We have audited, in accordance with the 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 accompanying financial statements of the Glendale Community College District's (the District) General Obligation Bond Construction Fund (Measure G) as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated January 8, 2018.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the General Obligation Bond Construction Fund specific to Measure G, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's General Obligation Bond Construction Fund (Measure G) 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 General Obligation Bond Construction Fund (Measure G) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's General Obligation Bond Construction Fund (Measure G) 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's General Obligation Bond Construction Fund (Measure G) 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.

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 significant deficiencies or material weaknesses. 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 General Obligation Bond Construction Fund (Measure G) of 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 noncompliance 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 District's General Obligation Bond Construction Fund (Measure G) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's General Obligation Bond Construction Fund (Measure G) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
January 8, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2017**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's Financial Statement Findings.

GLENDALE COMMUNITY COLLEGE DISTRICT

**GENERAL OBLIGATION BOND
CONSTRUCTION FUND (MEASURE G)**

PERFORMANCE AUDIT

JUNE 30, 2017

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

**PERFORMANCE AUDIT
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JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and Citizens' Oversight Committee
Glendale Community College District
Glendale, California

We were engaged to conduct a performance audit of Glendale Community College District's (the District) Measure G General Obligation Bond Fund (Measure G) fund for the year ended June 30, 2017.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

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

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

The results of our tests indicated that the District's Measure G General Obligation Bond Fund (Measure G) funds are in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 8, 2018

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

JUNE 30, 2017

AUTHORITY FOR ISSUANCE

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

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

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

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

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

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

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

In February 2013, the District issued the General Obligation Bonds, Election of 2002, 2013 Series F in the amount of \$13,995,000. The Series F Bonds were authorized by a resolution adopted by the County Board of Supervisors on January 9, 2013, pursuant to resolutions of the Board of Trustees of the District adopted on November 19, 2012.

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

JUNE 30, 2017

In June 2014, the District issued 2014 General Obligation Refunding bonds in the amount of \$26,660,000. The Refunding Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees on May 19, 2014. The proceeds of the Bonds will be used to advance refund a portion of the outstanding General Obligation Bonds, Election 2006, Series D and pay all costs associated with the issuance of the Bonds.

PURPOSE OF ISSUANCE

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

AUTHORITY FOR THE AUDIT

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

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

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

JUNE 30, 2017

OBJECTIVES OF THE AUDIT

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

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2016 to June 30, 2017. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2017, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the General Obligation Bond Construction Fund (Measure G). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure G as to the approved Bond projects list. We performed the following procedures:

1. We reviewed the procedures for disbursement of funds related to the voter approved general obligation bond to determine if procedures were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.
2. We reviewed the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. We reviewed construction expenditures totaling 54 percent of all expenditures from the detailed accounting of expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Our sample included transactions totaling \$1,680,732 of the total expenditure of \$3,110,245.

CONCLUSION

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

None reported.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.