

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE U, MEASURE S AND MEASURE AA
FINANCIAL AUDIT**

June 30, 2013



SANTA MONICA COMMUNITY COLLEGE DISTRICT

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FINANCIAL AUDIT**

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Citizens' Oversight Committee
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, CA 90405-1628

Report on the Financial Statements

We have audited the accompanying Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the Bond Building Fund of the Santa Monica Community College District (the District) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's 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 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 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, we consider 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Trustees
The Citizens' Oversight Committee
Santa Monica Community College District

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 Bond Building Fund of the District as of June 30, 2013, 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.

Other Reporting Required by Government Auditing Standards

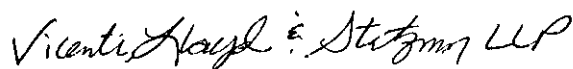
In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 on our consideration of the District's internal control over the Bond Building Fund financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over the 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 Bond Building Fund financial reporting and compliance.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the District's Bond Building Fund financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
December 17, 2013

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET
BOND BUILDING FUND
June 30, 2013**

	<u>Measure U</u>	<u>Measure S</u>	<u>Measure AA</u>
<u>ASSETS</u>			
Cash in County Treasury	\$ 24,498,475	\$ 58,549,622	\$ 57,191,908
Accounts Receivable:			
Interest Receivable	55,296	134,285	137,562
Prepaid Expenditures	_____	_____	47,361
TOTAL ASSETS	\$ 24,553,771	\$ 58,683,907	\$ 57,376,831
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts Payable	\$ 58	\$ 23,599	\$ 2,041,320
TOTAL LIABILITIES	58	23,599	2,041,320
FUND BALANCE			
Restricted	24,553,713	58,660,308	55,335,511
TOTAL FUND BALANCE	24,553,713	58,660,308	55,335,511
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,553,771	\$ 58,683,907	\$ 57,376,831

See the accompanying notes to the financial statements.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BOND BUILDING FUND**

For the Fiscal Year Ended June 30, 2013

	<u>Measure U</u>	<u>Measure S</u>	<u>Measure AA</u>
REVENUES			
Interest Income	\$ 153,458	\$ 379,340	\$ 414,851
TOTAL REVENUES	<u>153,458</u>	<u>379,340</u>	<u>414,851</u>
EXPENDITURES			
Supplies and Materials			37,128
Contracted Services and Other Expenses	12,981	128,867	521,979
Capital Outlay	<u>(729,896)</u>	<u>749,766</u>	<u>13,273,834</u>
TOTAL EXPENDITURES	<u>(716,915)</u>	<u>878,633</u>	<u>13,832,941</u>
Excess (Deficiency) of Revenues over Expenditures	870,373	(499,293)	(13,418,090)
Fund Balance at Beginning of Year	<u>23,683,340</u>	<u>59,159,601</u>	<u>68,753,601</u>
Fund Balance at End of Year	<u>\$ 24,553,713</u>	<u>\$ 58,660,308</u>	<u>\$ 55,335,511</u>

See the accompanying notes to the financial statements.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BOND BUILDING FUND - MEASURE U
For the Fiscal Year Ended June 30, 2013**

	Budget *	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 223,400	\$ 153,458	\$ (69,942)
TOTAL REVENUES	<u>223,400</u>	<u>153,458</u>	<u>(69,942)</u>
EXPENDITURES			
Supplies and Materials	25,000		25,000
Contracted Services and Other Expenses	340,000	12,981	327,019
Capital Outlay	<u>23,541,739</u>	<u>(729,896)</u>	<u>24,271,635</u>
TOTAL EXPENDITURES	<u>23,906,739</u>	<u>(716,915)</u>	<u>24,623,654</u>
Net Change in Fund Balance	<u>\$ (23,683,339)</u>	870,373	<u>\$ 24,553,712</u>
Fund Balance at Beginning of Year		<u>23,683,340</u>	
Fund Balance at End of Year		<u>\$ 24,553,713</u>	

* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BOND BUILDING FUND - MEASURE S
For the Fiscal Year Ended June 30, 2013**

	Budget *	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ <u>555,900</u>	\$ <u>379,340</u>	\$ <u>(176,560)</u>
TOTAL REVENUES	<u>555,900</u>	<u>379,340</u>	<u>(176,560)</u>
EXPENDITURES			
Supplies and Materials	100,000		100,000
Contracted Services and Other Expenses	1,826,500	128,867	1,697,633
Capital Outlay	<u>57,789,000</u>	<u>749,766</u>	<u>57,039,234</u>
TOTAL EXPENDITURES	<u>59,715,500</u>	<u>878,633</u>	<u>58,836,867</u>
Net Change in Fund Balance	<u>\$ (59,159,600)</u>	(499,293)	<u>\$ 58,660,307</u>
Fund Balance at Beginning of Year		<u>59,159,601</u>	
Fund Balance at End of Year		<u>\$ 58,660,308</u>	

* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

SANTA MONICA COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BOND BUILDING FUND - MEASURE AA
For the Fiscal Year Ended June 30, 2013**

	Budget *	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest Income	\$ 591,300	\$ 414,851	\$ (176,449)
TOTAL REVENUES	591,300	414,851	(176,449)
EXPENDITURES			
Supplies and Materials	100,000	37,128	62,872
Contracted Services and Other Expenses	1,667,250	521,979	1,145,271
Capital Outlay	67,577,650	13,273,834	54,303,816
TOTAL EXPENDITURES	69,344,900	13,832,941	55,511,959
Net Change in Fund Balance	\$ (68,753,600)	(13,418,090)	\$ 55,335,510
Fund Balance at Beginning of Year		68,753,601	
Fund Balance at End of Year		\$ 55,335,511	

* The budget for revenues reflects estimated amounts to be received in the current year. The budget for expenditures reflects amounts remaining and available for current and subsequent years' expenditures and does not necessarily coincide with actual planned expenditures in the current year.

See the accompanying notes to the financial statements.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

FUND STRUCTURE

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Bond Building Fund related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, this statement does not purport to present the results of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

BASIS OF ACCOUNTING

The Bond Building Fund of the Santa Monica Community College District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

BUDGET

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual include a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

FUND BALANCE CLASSIFICATION

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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. The classifications available in governmental fund financial statements are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Bond Building Fund is restricted as described below:

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Building Fund are determined by its measurement focus. The Bond Building Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Bond Building Fund are accounted for in the basic financial statements of the Santa Monica Community College 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.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 – DEPOSITS – CASH IN COUNTY TREASURY:

In accordance with the *Budget and Accounting Manual*, 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 cost which may differ from fair value. The fair value of the District's deposits for the Bond Building Fund in this pool as of June 30, 2013, as provided by the pool sponsor, was \$24,429,978, \$58,385,918 and \$57,032,001 for Measure U, Measure S and Measure AA, respectively.

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. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

There were no excesses of expenditures over appropriations in the Bond Building Fund, by major object accounts.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT:

Measure U

On March 5, 2002, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of \$160,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series A bonds were issued on August 1, 2002 for \$25,000,000. Interest rates range from 3.0% to 5.0% payable semiannually on February 1 and August 1.

Series B bonds were issued on May 13, 2004 for \$21,675,000 of current interest bonds and \$324,971 of capital appreciation bonds. Interest rates range from 3.0% to 5.0% payable semiannually on May 1 and November 1.

Capital appreciation bonds were issued with maturity dates from May 1, 2027 through May 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long term debt at June 30, 2013 is \$1,350,017.

Series C bonds were issued on August 2, 2005 for \$22,690,000 of current interest bonds and \$67,309,923 of capital appreciation bonds. Interest rates range from 3.12% to 5.07% payable semi-annually on August 1 and February 1.

Capital appreciation bonds were issued with maturity dates from August 1, 2009 through August 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long term debt at June 30, 2013 is \$1,212,458.

Series A 2007 bonds were issued on January 31, 2007 for \$11,999,987 of capital appreciation bonds. Interest rates range from 4.20% to 4.74%. The bonds were issued with maturity dates from August 1, 2015 through August 1, 2031. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long term debt at June 30, 2013 is \$4,054,509.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Measure U (continued)

Series E 2010 bonds were issued on January 26, 2010 for \$10,998,993 of capital appreciation bonds. Interest rates range from 3.92% to 5.7%. The bonds were issued with maturity dates from August 1, 2016 through August 1, 2026. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long-term debt at June 30, 2013 is \$1,786,214.

Refunding Series A 2013 bonds were issued on June 5, 2013 for \$108,405,000 of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series A, B and C). The interest rates range from 2.0% to 5.0% depending on the maturity date of the bond.

The proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding debt service of the defeased debt to be paid by the escrow agent of \$122,105,868 is scheduled to be paid off on August 1, 2015. The cash flow savings from the refunding amounted to \$12,210,092 and the present value of the economic gain to the District and taxpayers is \$9,558,783.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Measure S

On November 2, 2004, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of \$135,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

Series A bonds were issued on May 1, 2005 for \$58,000,000. Interest rates range from 3.5% to 5.25% payable semiannually on May 1 and November 1.

Refunding Series C 2007 bonds were issued for \$15,660,000 of current interest bonds and \$24,404,768 of capital appreciation bonds. The interest rate ranges from 3.71% to 5.0% payable semiannually on August 1 and February 1.

Capital appreciation bonds were issued with maturity dates from August 1, 2007 through August 1, 2014. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long term debt at June 30, 2013 is \$3,358,858.

The proceeds were placed into an irrevocable escrow account and will be used to fund the future required principal and interest payments of the refunded bonds. The refunded bonds are considered in-substance defeased and are not recorded on the financial statements. The balance of the in-substance defeased debt as of June 30, 2013 is \$40,065,000. The balance of the in-substance defeased debt will be paid off on May 1, 2015.

Series C bonds were issued on February 17, 2009 for \$30,885,000 of current interest bonds and \$26,112,857 capital appreciation bonds. Interest rate ranges from 1.77% to 4.39% payable semiannually on August 1 and February 1.

Capital appreciation bonds were issued with maturity dates from August 1, 2012 through August 1, 2029. Prior to the applicable maturity date, each bond will accrete interest on the principal component. Accreted interest accrued and included in long-term debt at June 30, 2013 is \$6,946,968.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Measure S (continued)

Refunding Series B 2013 bonds were issued on June 5, 2013 for \$23,450,000 of current interest bonds. The bond was issued to effect an advance refunding of a portion of the District's outstanding general obligation bonds (Series C). The interest rates range from 0.486% to 2.205% depending on the maturity date of the bond.

The proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding debt service of the defeased debt to be paid by the escrow agent of \$23,349,500 is scheduled to be paid off on August 1, 2015. The cash flow savings from the refunding amounted to \$70,302 and the present value of the economic gain to the District and taxpayers is \$706,878.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Measure AA

On November 4, 2008, at an election held within the boundaries of the District, the voters authorized bonds to be sold in the amount of \$295,000,000. Proceeds from the sale of the bonds were used to finance the construction, acquisition, furnishing and equipping of District facilities.

General obligation bonds were issued on January 26, 2010 in the amount of \$100,000,000. These bonds consisted of \$33,135,000 tax-exempt Series A bonds and \$66,865,000 in federally taxable Build America Bonds Series A-1. Interest rates for Series A is 5% and for Series A-1 range from 5.728% to 5.878% payable semiannually on February 1 and August 1. The Build America Bonds program was created by the American Recovery and Reinvestment Act to assist state and local governments in financing capital projects at lower borrowing costs and to stimulate the economy and create jobs.

The District elected to treat the Series A-1 bonds as “Build America Bonds” under Section 54AA of the Tax Code, and the Series A-1 Bonds be “qualified bonds” under Section 54AA(g)(2) of the Tax Code which make the District eligible for a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the Series A-1 Bonds. The District will deposit the cash subsidy payments with the County to be credited to the Debt Service Fund for the Series A-1 Bonds. Cash subsidy payments are expected to be received contemporaneously with each interest payment date.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Payments

The following summarizes the outstanding bonds at June 30, 2013:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2013</u>
Measure U (2002 election)							
Series A	8/1/2002	8/1/2027	25,000,000	11,610,000		10,960,000	650,000
Series B	5/13/2004	5/1/2029	21,999,971	14,469,971		13,385,000	1,084,971
Series C	8/2/2005	8/1/2030	89,999,923	75,505,868		72,088,326	3,417,542
Series A	1/31/2007	8/1/2031	11,999,987	11,999,987			11,999,987
Series E	1/26/2010	8/1/2026	10,998,993	10,998,993			10,998,993
Refunding series A	6/5/2013	8/1/2030	108,405,000		108,405,000		108,405,000
Subtotal							<u>136,556,493</u>
Measure S (2004 election)							
Series A	5/1/2005	5/1/2015	58,000,000	5,175,000		1,635,000	3,540,000
Refunding Series C	1/31/2007	8/1/2016	40,064,768	23,820,967		21,114,824	2,706,143
Series B	2/17/2009	8/1/2029	56,997,857	56,997,857		130,000	56,867,857
Refunding Series B	6/5/2013	8/1/2019	23,450,000		23,450,000		23,450,000
Subtotal							<u>86,564,000</u>
Measure AA (2008 election)							
Series A	1/26/2010	8/1/2023	33,135,000	30,335,000		4,530,000	25,805,000
Series A-1	1/26/2010	8/1/2034	66,865,000	66,865,000			66,865,000
Subtotal							<u>92,670,000</u>
Unamortized Bond Premiums							
Measure U			15,242,152	1,053,748	13,792,043	1,053,748	13,792,043
Measure S			14,472,774	7,391,047		4,963,886	2,427,161
Measure AA			4,334,926	3,668,014		333,456	3,334,558
Subtotal							<u>19,553,762</u>
			<u>\$ 580,966,351</u>	<u>\$ 319,891,452</u>	<u>\$ 145,647,043</u>	<u>\$ 130,194,240</u>	<u>\$ 335,344,255</u>

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Payments – Measure U

The annual requirements to amortize Measure U bond payable, outstanding as of June 30, 2013, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest</u>	<u>Total</u>
2014	\$ 5,637,542	\$ 2,972,261	\$ 1,212,458	\$ 9,822,261
2015	2,115,000	4,690,350		6,805,350
2016	4,229,128	4,644,250	730,872	9,604,250
2017	5,038,586	4,568,150	656,414	10,263,150
2018	5,454,292	4,441,700	800,708	10,696,700
2019-2023	34,317,039	19,171,600	6,527,961	60,016,600
2024-2028	47,071,208	11,297,000	12,548,792	70,917,000
2029-2033	32,693,698	1,967,400	5,166,302	39,827,400
	<u>\$ 136,556,493</u>	<u>\$ 53,752,711</u>	<u>\$ 27,643,507</u>	<u>\$ 217,952,711</u>

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Payments – Measure S

The annual requirements to amortize Measure S bond payable, outstanding as of June 30, 2013, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Accreted Interest Component</u>	<u>Total</u>
2014	\$ 4,671,142	\$ 1,911,539	\$ 3,358,858	\$ 9,941,539
2015	6,470,000	1,899,599		8,369,599
2016	5,170,000	1,778,427		6,948,427
2017	7,400,000	1,687,930		9,087,930
2018	6,935,000	1,513,515		8,448,515
2019-2023	29,805,000	3,613,637		33,418,637
2024-2028	19,222,025		32,952,975	52,175,000
2029-2030	6,890,833		17,854,167	24,745,000
	<u>\$ 86,564,000</u>	<u>\$ 12,404,647</u>	<u>\$ 54,166,000</u>	<u>\$ 153,134,647</u>

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 4 – BONDED DEBT: (continued)

Payments – Measure AA

The annual requirements to amortize Measure S bond payable, outstanding as of June 30, 2013, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,510,000	\$ 5,668,545	\$ 7,178,545
2015	1,650,000	5,589,545	7,239,545
2016	1,800,000	5,503,295	7,303,295
2017	1,955,000	5,409,420	7,364,420
2018	2,120,000	5,307,545	7,427,545
2019-2023	13,435,000	24,694,100	38,129,100
2024-2028	21,260,000	20,114,288	41,374,288
2029-2033	32,260,000	11,401,406	43,661,406
2034-2035	16,680,000	1,148,357	17,828,357
Total	<u>\$ 92,670,000</u>	<u>\$ 84,836,501</u>	<u>\$ 177,506,501</u>

NOTE 5 – PURCHASE COMMITMENTS:

As of June 30, 2013, the District was committed under various capital expenditure purchase agreements for bond projects totaling approximately \$273,000, \$4,132,000 and \$22,956,000 for Measure U, Measure S, and Measure AA, respectively.



**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***

The Board of Trustees
The Citizens' Oversight Committee
Santa Monica Community College District
1900 Pico Boulevard
Santa Monica, CA 90405-1628

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 Balance Sheet, Statement of Revenues, Expenditures and Change in Fund Balance and Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Bond Building Fund of the Santa Monica Community College District (the District), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's Bond Building Fund basic financial statements, and have issued our report thereon dated December 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over the Bond Building Fund financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT 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
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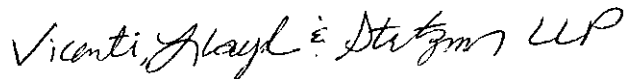
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Building Bond Fund 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.



VICENTI, LLOYD & STUTZMAN LLP
Glendora, CA
December 17, 2013

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013**

There were no findings related to the financial audit of the Bond Building Fund (Measure U, Measure S and Measure AA) for the fiscal years ended June 30, 2013 and June 30, 2012.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**BOND PROJECT SUMMARY – MEASURE U
June 30, 2013**

The District has identified the following projects to be funded with proceeds from the Measure U general obligation bonds. The District incurred costs of \$141,838,208 through June 30, 2013 for these construction projects. Expenditures were as follows:

Project Name	Project Budget	Total Project Costs Through June 30, 2012	2012-13 Actual Costs	Total Project Costs Through June 30, 2013
Real Property Acquisition - BAE Site	\$ 30,280,878	\$ 30,280,878	\$	\$ 30,280,878
Real Property Acquisition - Emeritus College	9,603,782	8,909,940		8,909,940
Real Property Acquisition - 1738 Pearl Street	749,208	749,208		749,208
North Quad Plaza - Relocation of PE Building	2,797,033	2,797,033		2,797,033
Temporary Facilities - Math Village	1,458,690	1,458,690		1,458,690
Site Improvements - Bundy Campus	4,170,264	4,170,264		4,170,264
Site Improvements - Bundy West Building	19,709,741	19,709,741		19,709,741
Renovation of Main Stage Theater	19,496,949	19,496,949		19,496,949
Replacement Liberal Arts - Liberal Arts North	12,507,725	7,633,209	(1,127,809)	6,505,400
Student Services - Relocation of Music	4,623,547	2,005,339	3,994	2,009,333
Replacement Liberal Arts - Liberal Arts South	16,733,220	6,108,150		6,108,150
Real Property Acquisition - Off-Site Parking	18,969,509	18,969,509		18,969,509
Construction of North Quad Plaza	11,388,463	11,388,463		11,388,463
Student Services Center	53,525,435	2,130,772	395,286	2,526,058
Replacement Math and Science Extension Building	308,336	308,336		308,336
Technology and Infrastructure Improvements	4,030,284	3,991,469	11,614	4,003,083
Modernization of Restrooms	17,501	17,501		17,501
Facilities Master Planning	2,110,430	2,110,430		2,110,430
Literacy Center - 14th and Pico	319,242	319,242		319,242
Project Totals	<u>\$ 212,800,237</u>	<u>\$ 142,555,123</u>	<u>\$ (716,915)</u>	<u>\$ 141,838,208</u>

Negative expense in the current year is the result of an excess amount of \$1,127,809 received from the Federal Emergency Management Agency (FEMA) for claims submitted related to the 1994 Northridge earthquake. The excess amount was transferred to the Measure U Bond Building Fund to reimburse for prior expenses paid out of this fund.

See Independent Auditor's Report.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**BOND PROJECT SUMMARY – MEASURE S
June 30, 2013**

The District has identified the following projects to be funded with proceeds from the Measure S general obligation bonds. The District incurred costs of \$85,478,573 through June 30, 2013 for these construction projects and related costs. Expenditures were as follows:

Project Name	Project Budget	Total Project Costs Through June 30, 2012	2012-13 Actual Costs	Total Project Costs Through June 30, 2013
Retrofit of Field Space - Corsair Field	\$ 4,440,768	\$ 4,372,535	\$	\$ 4,372,535
Retrofit of Field Space - John Adams	2,970,807	2,969,807		2,969,807
Performing Arts Complex	40,603,541	37,610,571		37,610,571
Replacement Health/PE/Fitness Building	40,200,333	790,589		790,589
Early Childhood Development Facility	11,318,000	33,392	152,635	186,027
Malibu Site Acquisition and Facility	31,069,031	5,462,179	395,237	5,857,416
Energy Efficiency Projects	1,293,570	293,361		293,361
Satellite Campus Parking Facilities and Roadway Improvements	4,875,000	3,823,272	2,569	3,825,841
Parking Garage, Grounds and Equipment - Student Services	53,143,653	15,105,101	289,455	15,394,556
Grounds Improvements - Pico Promenade	1,018,009	1,018,009		1,018,009
Facilities Master Planning	750,000	708,583		708,583
Bond Related Expenses - Project Management	662,764	175,027	37,901	212,928
Bond Related Expenses - Architect	50,000	45,597		45,597
Real Property Acquisition	606,223	236,289	836	237,125
Project Totals	193,001,699	72,644,312	878,633	73,522,945
2007 Series C Refunding Bond *	11,562,625	11,562,625		11,562,625
Arbitrage Expense		393,003		393,003
Totals	<u>\$ 204,564,324</u>	<u>\$ 84,599,940</u>	<u>\$ 878,633</u>	<u>\$ 85,478,573</u>

* These funds are related to debt services and are not available for capital projects.

See Independent Auditor's Report.

**SANTA MONICA COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND**

**BOND PROJECT SUMMARY – MEASURE AA
June 30, 2013**

The District has identified the following projects to be funded with proceeds from the Measure AA general obligation bonds. The District incurred costs of \$47,533,665 through June 30, 2013 for these construction projects. Expenditures were as follows:

Project Name	Project Budget	Total Project Costs Through June 30, 2012	2012-13 Actual Costs	Total Project Costs Through June 30, 2013
Utility Infrastructure and Technology	\$ 4,882,119	\$ 331,099	\$ 242,307	\$ 573,406
Infrastructure & Technology - Information Technology Relocation	13,287,218	1,341,329	3,097,720	4,439,049
Media and Technology Complex	61,480,824	7,365,827	5,158,996	12,524,823
Replacement Health/PE/Fitness/Dance Building with Central Plant	40,200,333	3,980,935	656,362	4,637,297
Drescher - Academic Modernization, Bookstore, Pico Promenade	34,026,480	5,082		5,082
Replacement Math and Science Extension Building	108,103,000	-		-
Madison East Wing Seismic Upgrade	12,292,000	1,736,117	146,492	1,882,609
Renovation of Corsair Stadium	2,315,898	35,299		35,299
Career Opportunity and Advancement Center (Bundy Campus)	41,391,000	-		-
Malibu Education Improvements	31,069,031	-		-
Business and Facilities Infrastructure	6,140,952	582,640	608,656	1,191,296
Facilities Master Planning	1,650,000	-		-
Environmental Performance Improvements	4,150,136	189	2,112,873	2,113,062
Community Classroom & Facility Projects	3,221,000	2,722,565	440,621	3,163,186
Real Property Acquisition	14,787,102	14,787,102		14,787,102
Roadways, Walkways, Grounds, Parking Lots, and Garages	400,000	400,555	573,951	974,506
Infrastructure & Technology - Technology	500,000	352,733	794,963	1,147,696
Infrastructure & Technology - Utility	200,000	27,752		27,752
Emergency Lighting, Fire Alarm, and Security System	300,000	31,500		31,500
Project Totals	\$ 380,397,093	\$ 33,700,724	\$ 13,832,941	\$ 47,533,665

See Independent Auditor's Report.