

College of the Sequoias Community College District
Measure I
Citizens' Oversight Committee

Tuesday, February 26, 2013
5:30 pm

College of the Sequoias
President's Conference Room
915 South Mooney Boulevard
Visalia, CA 93277

Agenda

5:30 pm

1. Call to Order
2. Public Comments
3. Minutes of September 4, 2012
 - Action
4. Financial Report
5. Progress Report on Measure I Projects
6. Proposition 39 General Obligation Bonds Audit Report – June 30, 2012
 - Report
 - Action
7. Committee Members Report on Feedback from the Community
8. Date of Next Meeting ~ Tuesday, September 10, 2013
9. Items for Next Agenda
10. Consideration of new members for current positions expiring March 9, 2013
11. Recognition of Committee Members terming out
12. Adjourn

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
MEASURE I CITIZENS' OVERSIGHT COMMITTEE

College of the Sequoias
Sequoias Building, Room 1
915 South Mooney Boulevard
Visalia, CA 93277

Tuesday, September 4, 2012
5:30 pm

Citizens' Bond Oversight Committee for Measure I

Betty Anthony, Bob Bricker, Dena Cochran, Bob Line,
Tom Link, Jerry Long, Josh McDonnell, Kayla Pace

Members Present: Tom Link, Jerry Long, Betty Anthony, Kayla Pace, Josh McDonnell, Bob Bricker, Dena Cochran, Bob Line

Members Absent: None

COS Representatives Present:

Stan Carrizosa, Superintendent/President
Eric Mittlestead, Dean, Facilities and Planning
Linda McCauley, Chief Accounting Officer
Janet Barbeiro, Executive Assistant to the President

1. Call to Order

Committee Chair Bob Line called the meeting to order at 5:30 pm.

2. Public Comments

There were no public comments.

3. Approval of March 13, 2012 Minutes

Betty Anthony moved to approve the minutes of March 13, 2012; Tom Link seconded the motion. Motion carried by unanimous vote.

4. Financial Report/Progress Report on Measure I Projects

Linda McCauley reviewed the financial report.

Eric Mittlestead reviewed the progress on Measure I projects. The bulk of the projects are completed.

Questions were asked and answered.

The committee asked what the status of the Child Development Center is.

President Carrizosa explained that in order to fix the building it would be a multi-million dollar project. The CDC is currently located in a temporary facility at least for the next year. This is a tough situation that we are working through.

President Carrizosa explained that the buildings which housed the Foundation Office and Human Resources office will be retired and eventually removed. This is part of the state funded project that in order to receive state funds the square footage calculations of these buildings will need to be removed.

President Carrizosa stated that the Sequoia building, the north wing, this past year has undergone a complete remodel and staff is moving into the new offices. The Board of Trustees has also dedicated this building to the memory of Ivan Crookshanks who was President of COS for 38 years.

5. Review and Approval of annual Report

Chairman Line asked the committee to review the annual report. He then asked for any changes or corrections.

The committee noted a couple of minor changes and staff said the corrections will be made.

Chairman Line requested that if the report looks all right to the committee, that the committee make a motion to approve. One approved, he will present to the Board of Trustees for their approval.

Motion was made by Josh McDonnell, to accept the 2011-2012 Annual Report and present it to the Board of Trustees for their approval. Dena Cochran seconded the motion. Motion carried by unanimous vote.

6. Consideration of new members for current positions expiring March 9, 2013

Chairman Bob Line noted that committee memberships will expire in March and staff is requesting that if we know of citizens who meet the requirements of the committee membership to please speak with those citizens and notify staff. Our next meeting is scheduled for March which is just prior to those memberships expiring, but staff would like names of citizens prior to that date.

7. Committee Member Report on Feedback from the Community

ASB Student Representative, Kayla Pace, stated she has heard concerns from students regarding the parking lots and their exits. Last week was a perfect example when the power outage cancelled school and it took over an hour to exit the parking lot.

Facilities Dean Mittlestead explained how the parking lot design came about.

ASB Student Representative, Kayla Pace, stated there are also concerns about the new parking permit process. Several students have stated they went on-line to purchase their permit and the web site noted that permits were sold out. How do they obtain a parking permit?

President Carrizosa stated staff will have to look into this as parking permits do not sell out.

Mary Lou Burberry asked if trash cans can be installed in the track area. There is a lot of trash that she and other walkers are picking up on a daily basis.

Facilities Dean Mittlestead explained that the rules of the track was not to allow any food or drink within the area because the artificial turf cannot handle any substance on it except water as anything else would become a sticky mess. We cannot control what type of drink people are bringing into the track area so we had to ban all food and drink products. If we were to place trash cans in the area it would only encourage people to bring in products.

8. Date of Next Meeting

After discussion, the consensus of the committee was to meet again on March 5, 2013 for their next meeting starting at 5:30 PM.

9. Items for Next Agenda

None requested.

10. Adjourn

The meeting was adjourned at 6:24 pm.

Visalia Area 2009 Individual Bond Projects 1st Quarter FY2012/2013

as of September 30, 2012

	Item	Estimated Local Cost	Current Quarter	Paid & Encumbered to Date	Available Balance	Completion Date	Comments
1A	Kern Building Upgrade Project	\$ 2,288,870	252,212.68	\$ 2,153,231	\$ 135,639	8/15/12	2nd Floor Su11/1st Floor Su12
1B	Tule Building Remodel and Equipment Upgrade	\$ 356,640		\$ 356,640	\$ (0)	8/1/10	\$200 K was moved to #16 & 17 Completed as of 6/30/11
2	Purchase Houses South of Campus	\$ 2,768,357	(310.04)	\$ 2,768,357	\$ 0	9/30/10	Cost of purchasing 14 houses plus relocation expenses Completed
2A	Auction off Valuable Houses	\$ -		\$ -	\$ -		No houses where purchased at auction
2B	Demolish Remaining Houses and Prepare Site for Parking	\$ 2,167,407	5,560.60	\$ 2,167,407	\$ 0	8/15/11	Construction is Completed
4A	Annual Computer Lease Payments	\$ 5,496,810	195,883.21	\$ 3,710,385	\$ 1,786,425	on going	FY12/13 \$922,607, FY13/14 \$957,711, FY14/15 \$546,956
4B	Create 25 Smart Classrooms	\$ 365,276		\$ 365,276	\$ 0	8/1/10	Completed
4C	Miscellaneous Technology Equipment Purchases	\$ 69,413		\$ 69,413	\$ -	as needed	Career Pathways Completed
5	Nursing Technology and Additional Equipment	\$ 195,235		\$ 195,235	\$ 0	4/1/10	Completed
6	Health Professions Continuing Education	\$ 100,000		\$ 100,000	\$ -	on hold	Completed
7	Code Blue Phones/Burglar Alarm/Lighting	\$ 599,128		\$ 599,128	\$ 0	8/1/10	Completed
8A	Solar Installation	\$ -		\$ -	\$ -	done	State funded
8B	EMS Replacement Project	\$ 602,356		\$ 602,356	\$ -	8/1/10	Completed
8C	COP Payoff	\$ 1,796,619	73,840.00	\$ 1,227,570	\$ 569,049	on going	COPs for FY12/13 \$460,066, FY13/14 \$182,823
9A	Payback John Muir Building Local Costs	\$ 4,424,431		\$ 4,424,431	\$ -	3/1/09	Completed
9B	Replace John Muir Kalwall with Glass Block	\$ 292,316		\$ 292,316	\$ (0)	8/15/11	Construction is Completed
10	Resurface Track, Add Scoreboard and Add Astroturf	\$ 2,351,306		\$ 2,351,306	\$ (0)	8/22/11	Construction is Completed
11A	Add Local Costs for Concession Stand and Furniture Consultant	\$ 60,750		\$ 60,750	\$ -	7/1/11	Completed
11B	Payback Local Costs for Redesign	\$ 287,296		\$ 287,296	\$ -	3/1/09	Completed
11C	Additional Gym Amenities	\$ 247,740		\$ 233,244	\$ 14,496	3/1/11	Original use now met w/state \$\$; New uses: drop off cut out, cover for new gym floor, cover final 3 contracts
12A	Payback Local Cost for Temporary Parking Lot	\$ 55,055		\$ 55,055	\$ (0)	3/1/09	Completed
12B	Construct Permanent Parking Lot	\$ 707,350		\$ 707,350	\$ -	8/1/09	Completed
13	Scheduled Maintenance Match (need \$120,000 per year)	\$ 1,588,945	393,582.43	\$ 1,127,780	\$ 461,165		Use as needed for priority projects
14A	Theater Seat Replacement	\$ 363,892		\$ 363,892	\$ 0	8/1/09 or 10	Completed
14B	Theater Lighting and Sound Upgrade	\$ 386,848		\$ 386,848	\$ 0	12/1/11	Additional lighting fixtures
14C	Theater Miscellaneous Improvements	\$ 53,663		\$ 53,663	\$ -	After 14A & B	Completed
15	Equipment & Furniture for ImagineU Seminar & Observation Rooms	\$ 50,000		\$ 50,000	\$ -	6/30/10	Completed
16	Bond General Expense	\$ 324,297	5,450.00	\$ 307,012	\$ 17,285		Remaining project management costs
18	Cashflow Nursing Bldg 41026-7103			\$ (0)	\$ 0		Cashflow State reimbursable project
19	Cashflow Gym 41055-7103			\$ 0	\$ (0)		Cashflow State reimbursable project

Total	\$	28,000,000	\$	926,219	\$	25,015,940	\$	2,984,060
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Fiscal Year 2012/2013											
Date	Payee	Banner Invoice Number	Architect-Engineer	Advertisement Legal	Planning	Construction	Tests	Inspection	Furniture & Equipment	Other	Project No
12-Sep-12	Quad Knopf Inc	I0119285			5,450.00						16
4-Sep-12	U.S. Bank	I0119018				3,418.94					1A
4-Sep-12	U.S. Bank	I0119014				28.56					1A
1-Aug-12	U.S. Bank	I0118376				2,684.09					1A
30-Aug-12	3D Datacom	I0118959				16,366.00					1A
22-Aug-12	Infinity Communications & Consultin	I0118796				8,155.00					1A
26-Jul-12	Matta Communications	I0118237				2,151.11					1A
26-Jul-12	Matta Communications	I0118236				161.66					1A
18-Jul-12	Matta Communications	I0118067				2,953.68					1A
18-Jul-12	Matta Communications	I0118067				32.30					1A
27-Sep-12	Franey Floor Covering, Inc	I0119771				70,194.00					1A
21-Sep-12	Green Box / refund	H0016915				(453.15)					1A
12-Sep-12	Mechanical Design Concepts Inc.	I0119264				2,025.00					1A
12-Sep-12	Cal Bennetts	I0119218				13,526.99					1A
5-Sep-12	American Incorporated	I0119072				64,773.00					1A
30-Aug-12	Ken Lamb Construction	I0118961				840.00					1A
30-Aug-12	Ken Lamb Construction	I0118960				11,000.00					1A
29-Aug-12	Enviroclean	I0118919				3,500.00					1A
22-Aug-12	Nelson's Painting Inc.	I0118795				4,095.20					1A
8-Aug-12	Western Building Materials Co.	I0118515				19,682.00					1A
8-Aug-12	Green Box Rentals Inc.	I0118463				648.00					1A
18-Jul-12	Nelson's Painting Inc.	I0118070				25,782.30					1A
5-Jul-12	Green Box Rentals Inc.	I0117855				648.00					1A
26-Sep-12	Tulare Co / Property tax refund	H0016945								(310.04)	2
30-Aug-12	BSK Inc	I0118966				5,560.60					2B
30-Aug-12	Community College Library Consortiu	I0118962							34,026.00		4A
12-Sep-12	Ricoh USA Inc.	I0119291							20,732.56		4A
16-Aug-12	Ricoh USA Inc.	I0118638							20,766.23		4A
8-Aug-12	Governet	I0118493							15,408.00		4A
18-Jul-12	Ricoh USA Inc.	I0118074							20,766.23		4A
27-Sep-12	Ricoh USA Inc.	I0119762							1,347.86		4A
6-Sep-12	Oracle America Inc.	I0119141							22,223.86		4A
1-Aug-12	Ricoh USA Inc.	I0118358							12,288.05		4A
1-Aug-12	Ricoh USA Inc.	I0118358							190.75		4A
12-Jul-12	Ricoh USA Inc.	I0117972							15,677.63		4A
25-Sep-12	Comcast Corporation	I0119640							6,431.39		4A
20-Sep-12	Comcast Corporation	I0119495							23,706.24		4A
25-Jul-12	Comcast Corporation	I0118214							2,318.41		4A
25-Sep-12	U.S. Bank Trust N.A.	I0119578								73,840.00	8C
20-Sep-12	Central Valley Asphalt	I0119510				5,499.18					13
20-Sep-12	American Incorporated	I0119506				27,759.00					13
12-Sep-12	Painting and Decor LTD	I0119321				6,095.54					13
5-Sep-12	American Incorporated	I0119073				18,677.00					13
4-Sep-12	U.S. Bank	I0119016				765.35					13
16-Aug-12	Painting and Decor LTD	I0118631				18,700.00					13
16-Aug-12	Painting and Decor LTD	I0118632				5,450.00					13
16-Aug-12	Key Evidence Locksmith Shop	I0118617				4,232.96					13
16-Aug-12	Key Evidence Locksmith Shop	I0118618				1,620.00					13
9-Aug-12	Peters Roofing Inc.	I0118522				32,360.00					13
9-Aug-12	Painting and Decor LTD	I0118521				40,110.00					13
1-Aug-12	U.S. Bank	I0118378				695.52					13
1-Aug-12	U.S. Bank	I0118377				1,561.91					13
1-Aug-12	Key Evidence Locksmith Shop	I0118368				19,300.90					13
1-Aug-12	Key Evidence Locksmith Shop	I0118369				5,380.56					13
26-Jul-12	Central Valley Asphalt	I0118255				104,484.51					13
26-Jul-12	Ken Lamb Construction	I0118240				37,450.00					13
18-Jul-12	Painting and Decor LTD	I0118071				63,440.00					13
	Total 1st Quarter		-	-	5,450.00	651,355.71	-	-	195,883.21	73,529.96	

Visalia Area 2009 Individual Bond Projects 2nd Quarter FY2012/2013

	Item	Estimated Local Cost	Current Quarter	Paid & Encumbered to Date	Available Balance	Completion Date	Comments
1A	Kern Building Upgrade Project	\$ 2,164,003	71,170.78	\$ 2,164,003	\$ (0)	8/15/12	Completed 2nd Floor Su11/1st Floor Su12
1B	Tule Building Remodel and Equipment Upgrade	\$ 356,640		\$ 356,640	\$ (0)	8/1/10	\$200 K was moved to #16 & 17 Completed as of 6/30/11
2	Purchase Houses South of Campus	\$ 2,768,357		\$ 2,768,357	\$ 0	9/30/10	Cost of purchasing 14 houses plus relocation expenses Completed
2A	Auction off Valuable Houses	\$ -		\$ -	\$ -		No houses were purchased at auction
2B	Demolish Remaining Houses and Prepare Site for Parking	\$ 2,167,407		\$ 2,167,407	\$ 0	8/15/11	Construction is Completed
4A	Annual Computer Lease Payments	\$ 5,496,810	472,507.10	\$ 4,035,087	\$ 1,461,723	on going	FY12/13 \$922,607, FY13/14 \$957,711, FY14/15 \$546,956
4B	Create 25 Smart Classrooms	\$ 365,276		\$ 365,276	\$ 0	8/1/10	Completed
4C	Miscellaneous Technology Equipment Purchases	\$ 69,413		\$ 69,413	\$ -	as needed	Career Pathways Completed
5	Nursing Technology and Additional Equipment	\$ 195,235		\$ 195,235	\$ 0	4/1/10	Completed
6	Health Professions Continuing Education	\$ 100,000		\$ 100,000	\$ -	on hold	Completed
7	Code Blue Phones/Burglar Alarm/Lighting	\$ 599,128		\$ 599,128	\$ 0	8/1/10	Completed
8A	Solar Installation	\$ -		\$ -	\$ -	done	State funded
8B	EMS Replacement Project	\$ 602,356		\$ 602,356	\$ -	8/1/10	Completed
8C	COP Payoff	\$ 1,796,619	106,192.78	\$ 1,333,763	\$ 462,856	on going	COPs for FY12/13 \$460,066, FY13/14 \$182,823
9A	Payback John Muir Building Local Costs	\$ 4,424,431		\$ 4,424,431	\$ -	3/1/09	Completed
9B	Replace John Muir Kalwall with Glass Block	\$ 292,316		\$ 292,316	\$ (0)	8/15/11	Construction is Completed
10	Resurface Track, Add Scoreboard and Add Astroturf	\$ 2,351,306		\$ 2,351,306	\$ (0)	8/22/11	Construction is Completed
11A	Add Local Costs for Concession Stand and Furniture Consultant	\$ 60,750		\$ 60,750	\$ -	7/1/11	Completed
11B	Payback Local Costs for Redesign	\$ 287,296		\$ 287,296	\$ -	3/1/09	Completed
11C	Additional Gym Amenities	\$ 247,740		\$ 233,244	\$ 14,496	3/1/11	Original use now met w/state \$\$; New uses: drop off cut out, cover for new gym floor, cover final 3 contracts
12A	Payback Local Cost for Temporary Parking Lot	\$ 55,055		\$ 55,055	\$ (0)	3/1/09	Completed
12B	Construct Permanent Parking Lot	\$ 707,350		\$ 707,350	\$ -	8/1/09	Completed
13	Scheduled Maintenance Match (need \$120,000 per year)	\$ 1,713,812	16,411.00	\$ 1,146,740	\$ 567,072		Use as needed for priority projects
14A	Theater Seat Replacement	\$ 363,892		\$ 363,892	\$ 0	8/1/09 or 10	Completed
14B	Theater Lighting and Sound Upgrade	\$ 386,848		\$ 386,848	\$ 0	12/1/11	Additional lighting fixtures
14C	Theater Miscellaneous Improvements	\$ 53,663		\$ 53,663	\$ -	After 14A & B	Completed
15	Equipment & Furniture for ImagineU Seminar & Observation Rooms	\$ 50,000		\$ 50,000	\$ -	6/30/10	Completed
16	Bond General Expense	\$ 324,297		\$ 307,012	\$ 17,285		Remaining project management costs
18	Cashflow Nursing Bldg 41026-7103			\$ (0)	\$ 0		Cashflow State reimbursable project
19	Cashflow Gym 41055-7103			\$ 0	\$ (0)		Cashflow State reimbursable project

Total	\$ 28,000,000	\$ 666,282	\$ 25,476,567	\$ 2,523,433
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Fiscal Year 2012/2013											
Date	Payee	Banner Invoice Number	Architect-Engineer	Advertisement Legal	Planning	Construction	Tests	Inspection	Furniture & Equipment	Other	Project No
4-Dec-12	Citizens Business Bank	I0121372								8,095.34	8C
4-Dec-12	Citizens Business Bank	I0121372								19,436.94	8C
12-Dec-12	Citizens Business Bank	I0121547								4,966.35	8C
12-Dec-12	Citizens Business Bank	I0121547								11,094.15	8C
17-Oct-12	US Bank	I0120156								62,600.00	8C
4-Oct-12	A/C Electric	I0119960				60,000.00					1A
7-Nov-12	Sign Time	I0120844				9,448.02					1A
3-Oct-12	US Bank	I0119840				1,722.76					1A
18-Oct-12	Ricoh USA	I0120164							12,288.05		4A
25-Oct-12	Ricoh USA Inc.	I0120390							20,766.23		4A
30-Oct-12	Comcast Corporation	I0120545							6,077.25		4A
30-Oct-12	CDW Government, Inc	I0120538							1,947.12		4A
31-Oct-12	Ricoh USA Inc.	I0120648							12,288.05		4A
31-Oct-12	Ricoh USA Inc.	I0120648							190.75		4A
2-Nov-12	Blackboard renewal 4/14/12-4/13/13	J0020613							93,654.00		4A
2-Nov-12	Rev prepaid Banc of America Leasing	J0020614							126,958.00		4A
2-Nov-12	Rev prepaid Innovative Interfaces	J0020614							38,359.44		4A
7-Nov-12	CDW Government, Inc	I0120773							49,320.00		4A
7-Nov-12	CDW Government, Inc	I0120773							3,945.60		4A
15-Nov-12	Ricoh USA Inc.	I0121038							20,766.23		4A
15-Nov-12	CDW Government, Inc	I0120976							833.98		4A
15-Nov-12	CDW Government, Inc	I0120976							10,896.71		4A
28-Nov-12	Ricoh USA Inc.	I0121218							12,288.05		4A
28-Nov-12	Ricoh USA Inc.	I0121218							190.75		4A
28-Nov-12	Comcast Corporation	I0121199							6,077.25		4A
11-Dec-12	Ricoh USA Inc.	I0122031							12,288.05		4A
11-Dec-12	Ricoh USA Inc.	I0122031							190.75		4A
18-Dec-12	Ricoh USA Inc.	I0121804							20,766.23		4A
18-Dec-12	Oracle America Inc.	I0121794							22,223.86		4A
18-Oct-12	Ricoh USA	I0120164							190.75		4A
11-Oct-12	Ken Lam Construction	I0120105				4,530.00					13
11-Oct-12	Ken Lam Construction	I0120104				895.00					13
11-Oct-12	Ken Lam Construction	I0120103				1,928.00					13
31-Oct-12	Ken Lamb Construction	I0120607				4,718.00					13
18-Oct-12	Ken Lam Construction	I0120204				4,340.00					13
	Total 2nd Quarter		-	-	-	87,581.78	-	-	472,507.10	106,192.78	

**COLLEGE OF THE SEQUOIAS
COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39
GENERAL OBLIGATION BONDS
FINANCIAL AUDIT**

JUNE 30, 2012

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

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JUNE 30, 2012**

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FINANCIAL SECTION

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Governing Board and
Citizens Oversight Committee
College of the Sequoias Community College District
Visalia, California

We have audited the accompanying financial statements of the College of the Sequoias Community College District (the District), Revenue Bond Construction Fund (Proposition 39), as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Revenue Bond Construction Fund specific to Proposition 39 and are not intended to present fairly the financial position and results of operations of College of the Sequoias Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Revenue Bond Construction Fund (Proposition 39) of the College of the Sequoias Community College District at June 30, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, on our consideration of the District Revenue Bond Construction Fund's (Proposition 39) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 7, 2013

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**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**BALANCE SHEET
JUNE 30, 2012**

ASSETS

Cash and cash equivalents	\$ 15,068,153
Prepaid expenses	259,844
Total Assets	\$ 15,327,997

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 740,549
Total Liabilities	740,549

FUND EQUITY

Nonspendable	259,844
Restricted	14,327,604
Total Fund Equity	14,587,448
Total Liabilities and Fund Equity	\$ 15,327,997

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

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

REVENUES

Local revenues	\$ 361,026
Total Revenues	<u>361,026</u>

EXPENDITURES

Current Expenditures

Books and supplies	1,669
Services and operating expenditures	1,152,093
Capital outlay	19,241,218
Debt service - principal	176,878
Debt service - interest and other issuance costs	236,588
Total Expenditures	<u>20,808,446</u>

EXCESS OF REVENUES OVER

(UNDER) EXPENDITURES (20,447,420)

OTHER FINANCING SOURCES (USES)

Other sources	11,501,011
Total Other Financing Sources (Uses)	<u>11,501,011</u>

EXCESS OF REVENUES AND OTHER

FINANCING SOURCES OVER (UNDER)

EXPENDITURES AND OTHER USES (8,946,409)

FUND BALANCE, BEGINNING OF YEAR 23,533,857

FUND BALANCE, END OF YEAR \$ 14,587,448

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the College of the Sequoias Community College District Revenue Bond Construction Fund (Proposition 39) conform 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. The College of the Sequoias Community College District Revenue Bond Construction Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the Revenue Bond Construction Fund of the College of the Sequoias Community College District used to account for Proposition 39 projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Elections of 2006 (Hanford Campus) and 2008 (Visalia Campus and Tulare Campus). These financial statements are not intended to present fairly the financial position and results of operations of the College of the Sequoias Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Revenue Bond Construction Fund 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 Revenue Bond Construction Fund is 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 balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

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

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

Encumbrances

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

Fund Balances - Governmental Funds

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board. The District currently does not have any committed funds.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board may assign amounts for specific purposes. The District currently does not have any assigned funds.

Unassigned – all other spendable amounts. The District currently does not have any unassigned funds.

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

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.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 instrument; 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 agreement; 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 statement at amounts based upon the District's pro-rata share of the fairly 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.

General Authorizations

Limitations as they relate to interest rate 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

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 is to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool. The District maintains a Revenue Bond Construction fund investment of \$15,068,153 with the Tulare County Investment Pool. The fair value of this investment is approximately \$15,068,153 with an average maturity of 743 days.

NOTE 3 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2012 consisted of the following:

Vendor payments	<u>\$ 259,844</u>
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NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consisted of the following:

Vendor payables	<u>\$ 740,549</u>
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NOTE 5 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2012, the Revenue Bond Construction Fund (Proposition 39) had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Tulare Phase I - State funding	\$ 4,688,978	12/01/12
Tulare Phase I - Local funding	432,650	12/01/12
Tulare Phase III - Local funding	3,657,512	01/01/13
North Admin - State funding	767,045	08/01/12
Kern HVAC - Local funding	259,092	08/01/12
Total	<u>\$ 9,805,277</u>	

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Litigation

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

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SUPPLEMENTARY INFORMATION

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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

SCHEDULE OF LONG-TERM OBLIGATIONS JUNE 30, 2012

2006 General Obligation Bonds – Hanford Campus (Measure C Bonds)

On November 7, 2006, registered voters of the Improvement District No. 1 (Hanford Campus) authorized the issuance and sale of \$22,000,000 in general obligation bonds by a 55 percent vote. The first series of the authorization, Series A, was issued on March 8, 2007, for \$14,999,982. The Series A bonds were issued as current interest bonds and capital appreciation bonds. On January 28, 2009, the Series B bonds were issued in the amount of \$6,995,778. The Series B bonds were also issued as current interest bonds and capital appreciation bonds. The bond proceeds will be used to finance the acquisition, construction, modernization and equipping of certain District property and facilities.

2008 General Obligation Bonds – Visalia Campus (Measure I Bonds)

On November 4, 2008, registered voters of the Improvement District No. 2 (Visalia Campus) authorized the issuance and sale of \$28,000,000 in general obligation bonds by a 55 percent vote. The first series of the authorization, Series A, was issued on January 28, 2009, for \$17,997,404. The Series A bonds were issued as current interest bonds and capital appreciation bonds. On May 18, 2010, the Series B bonds were issued in the amount of \$4,999,652. The Series B bonds were issued as current interests bonds and capital appreciation bonds. The District issued the Series C bonds on March 2, 2011. The Series C bonds were issued as current interest bonds and capital appreciation bonds as well. The total amount of the Series C issuance was \$4,995,439. The bond proceeds will be used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities, and to pay costs of issuance associated with the bonds.

2008 General Obligation Bonds – Tulare Campus (Measure J Bonds)

On November 4, 2008, registered voters of the Improvement District No. 3 (Tulare Campus) authorized the issuance and sale of \$60,000,000 in general obligation bonds by a 55 percent vote. The first series of the authorization, Series A, was issued on January 28, 2009, for \$19,998,219. The Series A bonds were issued as current interest bonds and capital appreciation bonds. On May 18, 2010, the Series B bonds were issued in the amount of \$10,004,927. The Series B bonds were issued as current interests bonds and capital appreciation bonds. The bond proceeds will be used to finance the acquisition, construction, modernization, and equipping of certain District property and facilities.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Date Issued	Campus	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2011	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2012
General obligation bonds:								
3/8/07	Hanford	2/1/2033	3.58-4.25	\$ 14,999,982	\$ 15,248,548	\$ 159,819	\$ 60,000	\$ 15,348,367
1/28/09	Hanford	2/1/2034	1.85-6.99	6,995,778	7,466,676	215,584	15,000	7,667,260
1/28/09	Visalia	8/1/2033	2.4-6.22	17,997,404	18,943,387	556,906	435,000	19,065,293
5/18/10	Visalia	8/1/2039	5.1-6.610	4,999,652	5,048,036	47,063	-	5,095,099
3/2/11	Visalia	8/1/2036	4.12-7.74	4,995,439	5,038,717	123,627	-	5,162,344
1/28/09	Tulare	8/1/2033	2.4-6.36	19,998,219	20,778,348	607,474	930,000	20,455,822
5/18/10	Tulare	8/1/2040	3.28-7.62	10,004,927	10,109,860	529,281	-	10,639,141
Total					<u>\$ 82,633,572</u>	<u>\$ 2,239,754</u>	<u>\$ 1,440,000</u>	<u>\$ 83,433,326</u>

Debt Service Requirements to Maturity

Hanford Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 677,000	\$ 677,000
2014	-	677,000	677,000
2015	-	677,000	677,000
2016	-	677,000	677,000
2017	-	677,000	677,000
2018-2022	-	3,385,000	3,385,000
2023-2027	4,105,000	3,028,250	7,133,250
2028-2032	7,390,000	1,698,500	9,088,500
2033	2,045,000	51,125	2,096,125
Total	<u>\$ 13,540,000</u>	<u>\$ 11,547,875</u>	<u>\$ 25,087,875</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Hanford Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 100,000	\$ 90,400	\$ 9,600
2014	145,000	118,494	26,506
2015	200,000	147,760	52,240
2016	245,000	181,006	63,994
2017	290,000	193,720	96,280
2018-2022	2,215,000	1,076,987	1,138,013
Total	<u>\$ 3,195,000</u>	<u>\$ 1,808,367</u>	<u>\$ 1,386,633</u>

Hanford Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 25,000	\$ 188,288	\$ 213,288
2014	210,000	187,538	397,538
2015	315,000	181,238	496,238
2016	335,000	171,788	506,788
2017	355,000	161,738	516,738
2018-2022	2,185,000	589,051	2,774,051
2023-2024	1,105,000	383,750	1,488,750
Total	<u>\$ 4,530,000</u>	<u>\$ 1,863,391</u>	<u>\$ 6,393,391</u>

Hanford Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2030	\$ 4,560,000	\$ 1,458,288	\$ 3,101,712
2033	2,205,000	562,275	1,642,725
2034	5,855,000	1,116,697	4,738,303
Total	<u>\$ 12,620,000</u>	<u>\$ 3,137,260</u>	<u>\$ 9,482,740</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Visalia Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 738,300	\$ 738,300
2014	-	738,300	738,300
2015	-	738,300	738,300
2016	-	738,300	738,300
2017	-	738,300	738,300
2018-2022	-	3,691,500	3,691,500
2023-2027	2,425,000	3,631,388	6,056,388
2028-2032	8,810,000	2,216,938	11,026,938
2033-2034	2,515,000	147,950	2,662,950
Total	<u>\$ 13,750,000</u>	<u>\$ 13,379,276</u>	<u>\$ 27,129,276</u>

Visalia Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 480,000	\$ 480,000	\$ -
2014	530,000	474,456	55,544
2015	580,000	464,812	115,188
2016	630,000	451,962	178,038
2017	685,000	439,907	245,093
2018-2022	4,340,000	1,992,652	2,347,348
2023-2025	3,420,000	1,011,504	2,408,496
Total	<u>\$ 10,665,000</u>	<u>\$ 5,315,293</u>	<u>\$ 5,349,707</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Visalia Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 232,500	\$ 232,500
2014	-	232,500	232,500
2015	-	232,500	232,500
2016	-	232,500	232,500
2017	-	232,500	232,500
2018-2022	-	1,162,500	1,162,500
2023-2027	-	1,162,500	1,162,500
2028-2032	-	1,162,500	1,162,500
2033-2037	-	1,162,500	1,162,500
2038-2040	4,650,000	590,000	5,240,000
Total	<u>\$ 4,650,000</u>	<u>\$ 6,402,500</u>	<u>\$ 11,052,500</u>

Visalia Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2034-2038	<u>\$ 5,820,000</u>	<u>\$ 445,099</u>	<u>\$ 5,374,901</u>

Visalia Series C, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 206,525	\$ 206,525
2014	-	206,525	206,525
2015	-	206,525	206,525
2016	-	206,525	206,525
2017	-	206,525	206,525
2018-2022	-	1,032,625	1,032,625
2023-2027	-	1,032,625	1,032,625
2028-2032	-	1,032,625	1,032,625
2033-2037	3,755,000	934,175	4,689,175
Total	<u>\$ 3,755,000</u>	<u>\$ 5,064,675</u>	<u>\$ 8,819,675</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Visalia Series C, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018-2022	\$ 270,000	\$ 111,983	\$ 381,983
2023-2027	965,000	226,015	1,191,015
2028-2032	1,500,000	218,682	1,718,682
2035	4,520,000	850,664	5,370,664
Total	<u>\$ 7,255,000</u>	<u>\$ 1,407,344</u>	<u>\$ 8,662,344</u>

Tulare Series A, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 764,313	\$ 764,313
2014	-	764,313	764,313
2015	-	764,313	764,313
2016	-	764,313	764,313
2017	-	764,313	764,313
2018-2022	-	3,821,565	3,821,565
2023-2027	1,440,000	3,821,565	5,261,565
2028-2032	9,905,000	2,501,539	12,406,539
2033-2034	2,860,000	169,950	3,029,950
Total	<u>\$ 14,205,000</u>	<u>\$ 14,136,184</u>	<u>\$ 28,341,184</u>

Tulare Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 535,000	\$ 535,000	\$ -
2014	560,000	505,568	54,432
2015	610,000	497,150	112,850
2016	665,000	489,307	175,693
2017	725,000	481,690	243,310
2018-2022	4,560,000	2,219,827	2,340,173
2023-2026	4,940,000	1,522,280	3,417,720
Total	<u>\$ 12,595,000</u>	<u>\$ 6,250,822</u>	<u>\$ 6,344,178</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Tulare Series B, Current Interest General Obligation Bonds:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 178,625	\$ 178,625
2014	-	178,625	178,625
2015	-	178,625	178,625
2016	-	178,625	178,625
2017	-	178,625	178,625
2018-2022	1,020,000	855,925	1,875,925
2023-2027	595,000	653,807	1,248,807
2028-2032	2,035,000	367,112	2,402,112
Total	<u>\$ 3,650,000</u>	<u>\$ 2,769,969</u>	<u>\$ 6,419,969</u>

Tulare Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2016	\$ 220,000	\$ 155,100	\$ 64,900
2017-2019	750,000	418,092	331,908
2033-2037	11,880,000	1,781,385	10,098,615
Total	<u>\$ 12,850,000</u>	<u>\$ 2,354,577</u>	<u>\$ 10,495,423</u>

Tulare Series B, Capital Appreciation Term General Obligation Bonds:

Mandatory sinking fund requirements:

Year Ending June 30,	Value at Mandatory Redemption Date	Accreted Obligation	Interest to Accrete
2038-2041	<u>\$ 12,737,439</u>	<u>\$ 1,737,164</u>	<u>\$ 11,000,275</u>

Final Maturity:

Year Ending June 30,	Value at Maturity
2041	<u>\$ 14,285,000</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Tulare Series C, Convertible Capital Appreciation Term General Obligation Bonds:

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
<u>2022</u>	<u>\$ 5,500,000</u>	<u>\$ 2,897,400</u>	<u>\$ 2,602,600</u>

Upon maturity of capital appreciation term bonds, current interest bond payment requirements:

Year Ending June 30,	Principal	Interest	Total
2023-2027	\$ -	\$ 1,993,750	\$ 1,993,750
2028-2032	-	1,993,750	1,993,750
2033-2037	-	1,993,750	1,993,750
2038-2041	5,500,000	1,390,550	6,890,550
Total	<u>\$ 5,500,000</u>	<u>\$ 7,371,800</u>	<u>\$ 12,871,800</u>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2012.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Long-Term Obligations

This schedule provides a debt repayment schedule associated with the bond proceeds received through issuance of Proposition 39 obligations.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of the Revenue Bond Construction Fund (Proposition 39) reported on the Unaudited Actual Financial Report to the audited financial statements.

INDEPENDENT AUDITORS' REPORT

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board and
Citizens Oversight Committee
College of the Sequoias Community College District
Visalia, California

We have audited the accompanying financial statements of the College of the Sequoias Community College District (the District) Revenue Bond Construction Fund (Proposition 39), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered College of the Sequoias Community College District's internal control over financial reporting as a basis for designing our auditing procedures 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 College of the Sequoias Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College of the Sequoias Community College District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College of the Sequoias Community College District's Revenue Bond Construction Fund (Proposition 39) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing board, management, and the Proposition 39 Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Vannett, Eric, Day & Co., LLP

Fresno, California
January 7, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2012**

None reported.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012**

None reported.

**COLLEGE OF THE SEQUOIAS
COMMUNITY COLLEGE DISTRICT**

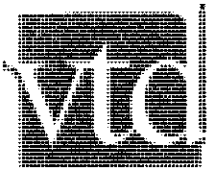
**PROPOSITION 39
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

JUNE 30, 2012

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
PROPOSITION 39
GENERAL OBLIGATION BONDS**

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board and
Citizens Oversight Committee
College of the Sequoias Community College District
Visalia, California

We were engaged to conduct a performance audit of the College of the Sequoias Community College District (the District), Proposition 39 General Obligation Bond funds for the year ended June 30, 2012.

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 7, 2013

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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

JUNE 30, 2012

AUTHORITY FOR ISSUANCE

The Proposition 39 Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Trustees of the District acting as the governing board of the Improvement Districts.

The Improvement District 1 (Hanford Campus) received authorization at an election held on November 7, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$22,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2006 Authorization.

The Improvement District 2 (Visalia Campus) received authorization at an election held on November 4, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$28,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2008 Authorization). The Bonds represent the first, second and third series of the authorized bonds to be issued under the 2008 Authorization.

The Improvement District 3 (Tulare Campus) received authorization at an election held on November 7, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$60,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2006 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2006 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorizations will be used for the purposes specified in the District bond proposition submitted at the Elections. Excerpts from the ballot languages are as follows:

Hanford Campus, Measure C Bonds

"To build a permanent educational center in Hanford by acquiring, constructing and equipping buildings, sites, libraries, classrooms, science and computer labs, to prepare students for university transfer, skilled jobs, law enforcement, firefighting and vocational programs, shall the College of the Sequoias Community College District issue \$22 million in bonds, at legal rates, with citizen oversight, guaranteed annual financial audits, no money for administrators salaries?"

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

JUNE 30, 2012

Visalia Campus, Measure I Bonds

"To better prepare students for high demand jobs, qualify for \$47 million in State building grants, construct a nursing education and training center, upgrade nursing instruction equipment, heating and ventilation, classroom/computer technology, labs, and safety systems, repair aging roofs, electrical, plumbing, upgrade/construct/equip/acquire classrooms, facilities, sites, shall College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District issue \$28 million in bonds, at legal rates, with citizen oversight, mandatory audits, and all funds staying in the Visalia area?"

Tulare Campus, Measure J Bonds

"To build a permanent Tulare College Center, including buildings for welding/ farming equipment repair classes/vocational education, qualify for \$98 million in State building grants, construct classrooms, library, computer labs, an agricultural education complex, livestock pavilion, including farm animal buildings and labs, upgrade/construct/equip/acquire classrooms, facilities/sites; shall College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District issue \$60 million in bonds, at legal rates, with citizen oversight, mandatory audits, and all funds staying in the Tulare area for college facilities?"

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 citizen's 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 school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)

JUNE 30, 2012

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Revenue Bond Construction Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition 39.
2. Determine whether salary transactions, charged to the Revenue Bond Construction Fund were in support of Proposition 39 and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. 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, 2012 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, 2012 for the Revenue Bond Construction Fund (Proposition 39). 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 Proposition 39 as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2011 and ending June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$12,762,553 of the total expenditures of \$20,808,446.
3. We verified that funds from the Revenue Bond Construction Fund (Proposition 39) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

CONCLUSION

The results of our tests indicated that, in all significant respects, the College of the Sequoias Community College District has properly accounted for the expenditures held in the Revenue Bond Construction Fund (Proposition 39) and that such expenditures were made for costs authorized by the voters of the District.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
REVENUE BOND CONSTRUCTION FUND (PROPOSITION 39)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012**

None reported.