

**MIRACOSTA
COMMUNITY COLLEGE DISTRICT**

**MEASURE MM GENERAL OBLIGATION BONDS
FINANCIAL AND PERFORMANCE AUDITS**

JUNE 30, 2018

**MIRACOSTA
COMMUNITY COLLEGE DISTRICT**

**MEASURE MM GENERAL OBLIGATION BONDS
FINANCIAL AUDIT**

JUNE 30, 2018

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
MEASURE MM GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT
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JUNE 30, 2018**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure MM General Obligation Bond Fund (Measure MM) of the District at June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2018, on our consideration of the District's Measure MM General Obligation Bond Fund (Measure MM) 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure MM General Obligation Bond Fund (Measure MM) internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards considering the District's Measure MM General Obligation Bond Fund (Measure MM) internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 5, 2018

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
MEASURE MM GENERAL OBLIGATION BONDS**

**BALANCE SHEET
JUNE 30, 2018**

ASSETS

Investments	\$ 84,856,943
Accounts receivable	<u>245,262</u>
Total Assets	<u>\$ 85,102,205</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	<u>\$ 1,891,503</u>
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FUND BALANCE

Restricted for capital projects	<u>83,210,702</u>
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Total Liabilities and Fund Balance	<u>\$ 85,102,205</u>
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The accompanying notes are an integral part of these financial statements.

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
MEASURE MM GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES

Local revenues \$ 943,514

EXPENDITURES

Services and operating expenditures 668,319

Capital outlay 5,050,786

Total Expenditures 5,719,105

EXCESS OF EXPENDITURES OVER REVENUES (4,775,591)

OTHER FINANCING SOURCES (USES)

Other sources - proceeds from issuance of bonds 108,296,207

Other uses - payment made to escrow account (12,084,068)

Other uses - payment made to bond interest and redemption fund (8,061,207)

Net Financing Sources (Uses) 88,150,932

NET CHANGE IN FUND BALANCE 83,375,341

FUND BALANCE, BEGINNING OF YEAR (164,639)

FUND BALANCE, END OF YEAR \$ 83,210,702

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

MIRACOSTA COMMUNITY COLLEGE DISTRICT MEASURE MM GENERAL OBLIGATION BONDS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

Encumbrances

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

Fund Balance

As of June 30, 2018, the fund balance of the Measure MM General Obligation Bond Fund (Measure MM) was classified as follows:

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

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.

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;

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

General Authorizations

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MEASURE MM GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 - FAIR VALUE MEASUREMENTS

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

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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 Measure MM General Obligation Bond Fund (Measure MM) financial statements are free of material misstatement, we performed tests of its compliance

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
MEASURE MM GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2018**

None reported.

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
MEASURE MM GENERAL OBLIGATION BONDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

As this is the first year of the Measure MM General Obligation Bond Fund (Measure MM), there are no prior year Financial Statement Findings.

**MIRACOSTA
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**MEASURE MM GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

JUNE 30, 2018

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
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AUTHORITY FOR ISSUANCE

**MIRACOSTA COMMUNITY COLLEGE DISTRICT
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2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must

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JUNE 30, 2018

3. Based on our testing, we verified that funds from the Measure MM General Obligation Bond Fund (Measure MM) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects and to prepay the 2015 Lease.

CONCLUSION

The results of our tests indicated that, in all significant respects, the MiraCosta Community College District has properly accounted for the expenditures held in the Measure MM General Obligation Bond Fund (Measure MM) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Measure MM General Obligation Bond Fund (Measure MM) for District general administration or operations.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

None reported.

