CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
FINANCIAL AUDIT

Fiscal Year Ended June 30, 2008
CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
FINANCIAL AUDIT

June 30, 2008

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The Board of Trustees
The Citizens’ Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, CA 91740-1899

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Citrus Community College District, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. We have also audited the accompanying 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 Construction Fund – Measure G Bond Program of the Citrus Community College District as of June 30, 2008. These statements are the responsibility of the District’s management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit of the Bond Construction Fund - Measure G Bond Program 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements for the Bond Construction Fund – Measure G Bond Program are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Construction Fund – Measure G Bond Program 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations for the Bond Construction Fund – Measure G Bond Program of the Citrus Community College District as of June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

Vicenti, Lloyd & Stutzman LLP

October 31, 2008
CITRUS COMMUNITY COLLEGE DISTRICT

BALANCE SHEET
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
June 30, 2008

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in County Treasury</td>
<td>$20,068,835</td>
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<tr>
<td>Interest Receivable</td>
<td>$222,122</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$20,290,957</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$4,033,743</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>4,033,743</strong></td>
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</table>

**FUND BALANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated for Special Purposes</td>
<td>$16,257,214</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCE</strong></td>
<td><strong>16,257,214</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND FUND BALANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$20,290,957</strong></td>
</tr>
</tbody>
</table>

See the accompanying notes to the financial statements.
CITRUS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM

For the Fiscal Year Ended June 30, 2008

REVENUES
  Interest Income $ 1,344,052

TOTAL REVENUES 1,344,052

EXPENDITURES
  Certificated Salaries 2,514
  Classified Salaries 231,737
  Employee Benefits 66,155
  Supplies and Materials 2,980
  Other Expenses and Services 2,542,147
  Capital Outlay 14,900,747

TOTAL EXPENDITURES 17,746,280

Deficiency of Revenues over Expenditures (16,402,228)

Fund Balance at Beginning of Year 32,659,442

Fund Balance at End of Year $ 16,257,214

See the accompanying notes to the financial statements.

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CITRUS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BOND CONSTRUCTION FUND - MEASURE G BOND PROGRAM
For the Fiscal Year Ended June 30, 2008

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Variance Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>$670,000</td>
<td>$1,344,052</td>
<td>$674,052</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>670,000</td>
<td>1,344,052</td>
<td>674,052</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificated Salaries</td>
<td>-</td>
<td>2,514</td>
<td>(2,514)</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>287,371</td>
<td>231,737</td>
<td>55,634</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>88,137</td>
<td>66,155</td>
<td>21,982</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>6,683</td>
<td>2,980</td>
<td>3,703</td>
</tr>
<tr>
<td>Other Expenses and Services</td>
<td>3,755,797</td>
<td>2,542,147</td>
<td>1,213,650</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>21,128,751</td>
<td>14,900,747</td>
<td>6,228,004</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>25,266,739</td>
<td>17,746,280</td>
<td>7,520,459</td>
</tr>
<tr>
<td>Deficiency of Revenues over Expenditures</td>
<td>$(24,596,739)</td>
<td>$(16,402,228)</td>
<td>$8,194,511</td>
</tr>
</tbody>
</table>

Fund Balance at Beginning of Year

32,659,442

Fund Balance at End of Year

$16,257,214

See the accompanying notes to the financial statements.
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 Construction Fund – Measure G Bond Program 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 result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

BASIS OF ACCOUNTING

The Bond Construction Fund – Measure G Bond Program of the Citrus 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 Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual includes a column titled “Budget”. The amounts in this column represent the budget adopted by the Board and all amendments throughout the year.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

CAPITAL ASSETS AND LONG-TERM DEBT

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Construction Fund – Measure G Bond Program are determined by its measurement focus. The 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 Construction Fund – Measure G Bond Program are accounted for in the basic financial statements of the Citrus Community College District.

NOTE 2 – PURCHASE COMMITMENTS:

As of June 30, 2008, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $21,040,000 to be funded with bond proceeds; a new bond issuance is being considered in 2008-09 to cover these commitments.

NOTE 3 – BONDED DEBT:

On March 2, 2004, the voters authorized the issuance and sale of general obligation bonds totaling $121,000,000. In August 2004 and April 2007, $22,000,000 of General Obligation Bonds Series A and $40,000,000 of Series B, respectively, were sold under Proposition 39/Measure G which provides that proceeds of the bonds will generally be used to finance the acquisition, construction and modernization of certain District property and facilities approved by the voters and that bond proceeds will not be used for salaries of school administrators or other operating expenses of the District.

The outstanding related bonded debts for the Citrus Community College District at June 30, 2008 are:

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>Interest Rate %</th>
<th>Final Maturity Date(1)</th>
<th>Amount of Original Issue</th>
<th>Outstanding July 1, 2007</th>
<th>Issued Current Year</th>
<th>Redeemed Current Year</th>
<th>Outstanding June 30, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/25/2004 A</td>
<td>2.5 - 5.0%</td>
<td>8/1/2029</td>
<td>$22,000,000</td>
<td>$17,100,000</td>
<td>$460,000</td>
<td>$16,640,000</td>
<td></td>
</tr>
<tr>
<td>4/10/2007 B</td>
<td>4.25 - 5.0%</td>
<td>8/1/2031</td>
<td>$40,000,000</td>
<td>$40,000,000</td>
<td>$315,000</td>
<td>$39,685,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$62,000,000</td>
<td>$57,100,000</td>
<td>$775,000</td>
<td>$56,325,000</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 3 – BONDED DEBT: (continued)

Series A

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2008, are as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$470,000</td>
<td>$766,313</td>
<td>$1,236,313</td>
</tr>
<tr>
<td>2010</td>
<td>485,000</td>
<td>752,575</td>
<td>1,237,575</td>
</tr>
<tr>
<td>2011</td>
<td>500,000</td>
<td>737,175</td>
<td>1,237,175</td>
</tr>
<tr>
<td>2012</td>
<td>515,000</td>
<td>720,037</td>
<td>1,235,037</td>
</tr>
<tr>
<td>2013</td>
<td>530,000</td>
<td>701,088</td>
<td>1,231,088</td>
</tr>
<tr>
<td>2014-2018</td>
<td>3,025,000</td>
<td>3,121,637</td>
<td>6,146,637</td>
</tr>
<tr>
<td>2019-2023</td>
<td>3,865,000</td>
<td>2,307,133</td>
<td>6,172,133</td>
</tr>
<tr>
<td>2024-2028</td>
<td>4,925,000</td>
<td>1,221,125</td>
<td>6,146,125</td>
</tr>
<tr>
<td>2029-2030</td>
<td>2,325,000</td>
<td>117,625</td>
<td>2,442,625</td>
</tr>
<tr>
<td>Totals</td>
<td>$16,640,000</td>
<td>$10,444,708</td>
<td>$27,084,708</td>
</tr>
</tbody>
</table>
NOTE 3 – BONDED DEBT: (continued)

Series B

The annual requirements to amortize Series B bonds payable, outstanding as of June 30, 2008, are as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>$1,820,000</td>
<td>$1,915,162</td>
<td>$3,735,162</td>
</tr>
<tr>
<td>2010</td>
<td>725,000</td>
<td>1,837,812</td>
<td>2,562,812</td>
</tr>
<tr>
<td>2011</td>
<td>895,000</td>
<td>1,807,000</td>
<td>2,702,000</td>
</tr>
<tr>
<td>2012</td>
<td>975,000</td>
<td>1,768,962</td>
<td>2,743,962</td>
</tr>
<tr>
<td>2013</td>
<td>1,075,000</td>
<td>1,725,088</td>
<td>2,800,088</td>
</tr>
<tr>
<td>2014-2018</td>
<td>6,745,000</td>
<td>7,758,312</td>
<td>14,503,312</td>
</tr>
<tr>
<td>2019-2028</td>
<td>8,575,000</td>
<td>5,917,810</td>
<td>14,492,810</td>
</tr>
<tr>
<td>2024-2028</td>
<td>10,950,000</td>
<td>3,547,810</td>
<td>14,497,810</td>
</tr>
<tr>
<td>2029-2032</td>
<td>7,925,000</td>
<td>764,514</td>
<td>8,689,514</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$39,685,000</td>
<td>$27,042,470</td>
<td>$66,727,470</td>
</tr>
</tbody>
</table>

The repayment of the debts related to the Measure G General Obligation Bonds is accounted for in the District’s Bond Interest and Redemption Fund which is part of the Citrus Community College District’s basic financial statements.

NOTE 4 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

Excess of expenditures over appropriations, by major object accounts, occurred in the Bond Construction Fund – Measure G Bond Program for $2,514 for certificated salaries.
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
Citrus Community College District
1000 West Foothill Boulevard
Glendora, CA 91740-1899

We have audited 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 Construction Fund – Measure G Bond Program of the Citrus Community College District as of and for the year ended June 30, 2008. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Citrus Community College District’s internal control over Bond Construction Fund – Measure G Bond Program financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District’s Bond Construction Fund – Measure G Bond Program financial statement that is more than inconsequential will not be prevented or detected by the District’s internal control.
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Bond Construction Fund – Measure G Bond Program financial statements will not be prevented or detected by the District’s internal control.

Our consideration of internal control over Bond Construction Fund – Measure G Bond Program financial reporting was for the limited purpose described in the first paragraph of this section and could not necessarily identify all deficiencies in internal control that might be 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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Citrus Community College District’s Bond Construction Fund – Measure G Bond Program financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 of the Bond Construction Fund – Measure G Bond Program disclosed no instances of non-compliance 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 Board, Citizens’ Oversight Committee, management, the California Department of Finance and the State Chancellor’s Office and is not intended to be and should not be used by anyone other than these specified parties.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

October 31, 2008
There were no findings and questioned costs related to the financial audit of the Bond Construction Fund - Measure G Bond Program for the fiscal years ended June 30, 2007 and June 30, 2008.
CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
PERFORMANCE AUDIT

Fiscal Year Ended June 30, 2008
CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
PERFORMANCE AUDIT

June 30, 2008

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</tr>
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<td>2</td>
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<td>4</td>
</tr>
<tr>
<td>Conclusion</td>
<td>5</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

The Board of Trustees
The Citizens’ Oversight Committee
Citrus Community College District
1000 West Foothill Boulevard
Glendora, CA 91740-1899

We have examined the Citrus Community College District’s compliance with the performance requirements for the Proposition 39/Measure C General Obligation Bonds for the fiscal year ended June 30, 2008, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the Citrus Community College District’s compliance with those requirements. Our responsibility is to express an opinion on the Citrus Community College District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Citrus Community College District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Citrus Community College District’s compliance with specified requirements.

In our opinion, the Citrus Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2008.

October 31, 2008

VICENTI, LLOYD & STUTZMAN LLP

2210 E. Route 66, Suite 100, Glendora, CA 91740
Tel 626.857.7300 | Fax 626.857.7302 | E-Mail INFO@VLSLLP.COM | Web WWW.VLSLLP.COM
OBJECTIVES

The objectives of our performance audit were to:

- Determine the expenditures charged to the Citrus Community College District Bond Construction Fund – Measure G Bond Program.

- Determine whether expenditures charged to the Bond Construction Fund – Measure G Bond Program have been made in accordance with the bond project list approved by the voters through the approval of Measure G in March 2004.

- Note any incongruities or system weaknesses and provide recommendations for improvement.

- Provide the District Board and the Citizens’ Oversight Committee with a performance audit as required under the guidelines of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year from July 1, 2007 to June 30, 2008. The 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 the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2008 were not reviewed or included within the scope of our audit or within this report.
BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In March 2004, a general obligation bond proposition (Measure G) of the Citrus Community College District was approved by the voters of the District. Measure G authorized the District to issue up to $121,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

In August 2004 the first series of bonds, Series A, in the amount of $22,000,000 was issued. In April 2007, the second series of bonds, Series B, in the amount of $40,000,000 was issued. The total proceeds from the bonds were received by the District (less the original bond issuance costs) and are to be used to finance the acquisition, construction and modernization of certain District property and facilities.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of the District has appropriately established a Citizens’ Oversight Committee. The principal purpose of the Citizens’ Oversight Committee, as set out in State law, is to inform the public as to the expenditures made using the proceeds of the bonds issued pursuant to the Measure G bond authorization. The Citizens’ Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Bond Construction Fund – Measure G Bond Program have been expended only for the authorized bond projects.
CITRUS COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE G, MARCH 2004
PERFORMANCE AUDIT

June 30, 2008

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2008 for the Bond Construction Fund – Measure G Bond Program. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure G with regards to the approved bond projects list. We performed the following procedures:

- Reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure G election documents.

- Selected a sample of expenditures for the fiscal year ended June 30, 2008 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.

- Verified that funds from the Bond Construction Fund – Measure G Bond Program were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds expended from the Bond Construction Fund - Measure G Bond Program were not used for ineligible salaries of school administrators or other operating expenses of the District.
CONCLUSION

Based upon our procedures performed, we found that, for the items tested, the Citrus Community College District has properly accounted for the expenditures in the Bond Construction Fund – Measure G Bond Program and that such expenditures were made on authorized bond projects. Furthermore, it was noted that the funds held in the Bond Construction Fund – Measure G Bond Program, and expended by the District, were not expended for ineligible salaries of school administrators or other operating expenses.