

**MT. SAN JACINTO  
COMMUNITY COLLEGE DISTRICT**

---

**ANNUAL FINANCIAL REPORT**

---

**JUNE 30, 2013 AND 2012**

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## TABLE OF CONTENTS JUNE 30, 2013 AND 2012

---

### FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements - Primary Government	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Fiduciary Funds	
Statements of Net Position	18
Statements of Changes in Net Position	19
Notes to Financial Statements	21

### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Other Postemployment Benefits (OPEB) Funding Progress	51
---	----

### SUPPLEMENTARY INFORMATION

District Organization	53
Schedule of Expenditures of Federal Awards	54
Schedule of Expenditures of State Awards	56
Schedule of Workload Measures for State General Apportionment Annual (Actual)	
Attendance	57
Reconciliation of Education Cod Section 84362 (50 Percent Law) Calculation	58
Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements	60
Proposition 30 Education Protection Act (EPA) Expenditure Report	61
Reconciliation of Governmental Funds to the Statement of Net Position	62
Note to MNrt	

---

**INDEPENDENT AUDITORS' REPORT**

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 4 through 12 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, including the Schedule of Expenditures of Federal Awards, is the respo(n)-237.0(f)999.56 Tr

*Learning from the Past – Celebrating the Moment – Changing the Future*

Mt. San Jacinto Community College District  
1499 N. State Street, San Jacinto, CA 92583

Ann Motte  
Dorothy J. McGargill  
Gwen Schlange

***USING THIS ANNUAL REPORT***

The purpose of this annual report is to provide readers with information about the activities, programs, and

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2013 AND 2012**

---

- x Costs for employee salaries and benefits decreased slightly from the prior years due to filling only crucial vacancies and careful planning by the District due to funding cuts.
- x During the 2012-2013 fiscal year, the District provided \$27,800,712 in financial aid to students attending classes at the two campuses. This aid was provided in the form of grants, scholarships, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding as shown below.

Federal Pell Grants (PELL)	\$ 17,407,959
Federal Supplement Education Opportunity Grant (FSEOG)	273,975
Federal Work Study Program (FWS)	268,986
Administrative Allowance	27,200
State of California Cal Grant B and C (CALG-B and C)	784,137
California Community College Board of Governor's Fee Waiver	9,038,455
Total Financial Aid Provided to Students	<u>\$ 27,800,712</u>





**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013 AND 2012**

**Operating Results for the Year**

The results of this year's operations for the District as a whole are reported in the Statements of Revenues, Expenses, and Changes in Net Position on page 15.

**Table 2**

(Amounts in thousands)	2013	2012	Change 2013-2012	2011	Change 2012-2011
<b>Operating Revenues</b>					
Tuition and fees (net)	\$ 4,778	\$ 4,451	\$ 327	\$ 4,587	\$ (136)
Other operating revenues	2,671	3,017	(346)	3,673	(656)
<b>Total Operating Revenues</b>	<b>7,449</b>	<b>7,468</b>	<b>(19)</b>	<b>8,260</b>	<b>(792)</b>
<b>Operating Expenses</b>					
Salaries and benefits	49,564	51,556	(1,992)	54,196	(2,640)
Supplies and maintenance	13,870	10,833	3,037	14,082	(3,249)
Student financial aid	18,666	19,236	(570)	19,150	86
Depreciation	2,607	2,858	(251)	2,575	283
<b>Total Operating Expenses</b>	<b>84,707</b>	<b>84,483</b>	<b>224</b>	<b>90,003</b>	<b>(5,520)</b>
Loss on Operations	(77,258)	(77,015)	(243)	(81,743)	4,728
<b>Nonoperating Revenues (Expenses)</b>					
State apportionments	24,611	27,390	(2,779)	31,641	(4,251)
Property taxes	17,164	17,547	(383)	18,126	(579)
State taxes and other revenues	2,417	1,965	452	2,099	(134)
Federal and State grants and contracts	25,960	26,690	(730)	26,844	(154)
Net investment income	36	96	(60)	89	7
Net interest expense	(520)	(530)	10	(539)	9
Other nonoperating revenues (expenses) - net	7,163	2,726	4,437	2,712	14
<b>Total Nonoperating Revenue</b>	<b>76,831</b>	<b>75,884</b>	<b>947</b>	<b>80,972</b>	<b>(5,088)</b>
<b>Other Revenues</b>					
State and local capital income	2,497	10,581	(8,084)	1,856	8,725
<b>Net Increase in Net Position</b>	<b>\$ 2,070</b>	<b>\$ 9,450</b>	<b>\$ (7,380)</b>	<b>\$ 1,085</b>	<b>\$ 8,365</b>

The District's primary revenue is from the State apportionment calculation which is comprised of three sources: local property taxes, student enrollment fees, and State apportionment. Property taxes levied and received from property within the County decreased slightly. State apportionments decreased due to system-wide reductions in workload allocations and funding.

Grant and contract revenues relate primarily to student financial aid, as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012**

---

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services, the students. The District depends upon this funding to continue the current level of operations.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets**

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012

---

### Obligations

At the end of the 2012-2013 fiscal year, the District had \$12 million in Lease Revenue Bonds outstanding. These bonds are repaid annually, utilizing District funds, in accordance with the obligation schedule of payments.

In addition to the above obligations, the District is obligated for lease purchase agreements for equipment and obligations to employees of the District for vacation, load banking, and Golden Handshake benefits.

**Table 6**

(Amounts in thousands)

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Lease revenue bonds	\$ 11,950	\$ -	\$ (275)	\$ 11,675
Other liabilities	4,574	714	(702)	4,586
Total Long-Term Obligations	<u>\$ 16,524</u>	<u>\$ 714</u>	<u>\$ (977)</u>	<u>\$ 16,261</u>
Amount due within one year				<u>\$ 285</u>

### UNRESTRICTED GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and

# **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013 AND 2012**

---

With the passage of Proposition 30, the Schools and Local Safety Protection Act of 2012, the budget begins a reinvestment in community colleges and will start to build back programs that have experienced significant cuts

---

---

**BASIC FINANCIAL STATEMENTS**

---

---

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET POSITION – PRIMARY GOVERNMENT  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents - unrestricted	\$ 2,092,910	\$ 2,087,600
Restricted cash and cash equivalents	-	35,379
Investments - unrestricted	11,938,445	4,408,337
Investments - restricted	527,802	466,568
Accounts receivable	9,971,356	10,526,076
Student loans and receivable (net)	311,572	286,567
Due from fiduciary funds	12,629	9,306
Prepaid expenses - current portion	244,032	391,618
Inventories	467,859	597,966
<b>Total Current Assets</b>	<u>25,566,605</u>	<u>18,809,417</u>
<b>Noncurrent Assets</b>		
Other postemployment benefits (OPEB) asset	702,968	714,135
Prepaid expenses - noncurrent portion	350,000	350,000
Debt issuance costs and deferred charges, net	874,104	914,597
Nondepreciable capital assets	31,430,032	30,534,638
Depreciable capital assets, net of depreciation	52,117,978	51,117,276
<b>Total Noncurrent Assets</b>	<u>85,475,082</u>	<u>83,630,646</u>
<b>TOTAL ASSETS</b>	<u>111,041,687</u>	<u>102,440,063</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	5,294,377	3,974,830
Accrued interest payable	128,142	130,755
Due to fiduciary funds	-	21
Deferred revenue	1,874,793	2,397,957
Current loans	6,000,000	-
Long-term liabilities - current portion	285,000	898,240
<b>Total Current Liabilities</b>	<u>13,582,312</u>	<u>7,401,803</u>
<b>Noncurrent Liabilities</b>		
Lease revenue bond payable - noncurrent portion	11,390,000	11,675,000
Capital lease payable - noncurrent portion	395,701	122,830
Golden Handshake payable - noncurrent portion	2,590,474	2,075,384
Compensated absences - noncurrent portion	1,271,536	1,336,436
Load banking liabilities - noncurrent portion	328,462	415,687
<b>Total Noncurrent Liabilities</b>	<u>15,976,173</u>	<u>15,625,337</u>
<b>TOTAL LIABILITIES</b>	<u>29,558,485</u>	<u>23,027,140</u>
<b>NET POSITION</b>		
Net investment in capital assets	71,477,309	69,526,124
Restricted for:		
Capital projects	3,929,599	4,804,074
Educational programs	391,868	311,848
Other activities	36,855	21,323
Unrestricted	5,647,571	4,749,554
<b>TOTAL NET POSITION</b>	<u>\$ 81,483,202</u>	<u>\$ 79,412,923</u>

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



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 14,170,956	\$ 11,733,903
Less: Scholarship discount and allowance	(9,392,632)	(7,283,228)
Net tuition and fees	<u>4,778,324</u>	<u>4,450,675</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	2,076,456	2,410,133
Other Operating Revenues	594,304	607,219
<b>TOTAL OPERATING REVENUES</b>	<u>7,449,084</u>	<u>7,468,027</u>
<b>OPERATING EXPENSES</b>		
Salaries	38,399,879	40,008,685
Employee benefits	11,164,253	11,547,628
Supplies, materials, and other operating expenses and services	13,233,897	10,692,728
Student financial aid	18,665,571	19,236,244
Equipment, maintenance, and repairs	636,308	139,963
Depreciation	2,606,665	2,858,024
<b>TOTAL OPERATING EXPENSES</b>	<u>84,706,573</u>	<u>84,483,272</u>
<b>OPERATING LOSS</b>	<u>(77,257,489)</u>	<u>(77,015,245)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	24,610,884	27,390,275
Local property taxes, levied for general purposes	17,163,818	17,547,017
Federal grants	21,283,529	21,935,278
State grants	4,677,540	4,754,880
State taxes and other revenues	2,416,886	1,965,441
Investment income	35,647	95,987
Interest expense on capital related debt	(520,405)	(530,214)
Disposal of capital assets	-	(7,506)
Other nonoperating revenue	7,162,646	2,733,095
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>76,830,545</u>	<u>75,884,253</u>
<b>LOSS BEFORE OTHER REVENUES</b>	<u>(426,944)</u>	<u>(1,130,992)</u>
State revenues, capital	1,789,068	8,398,469
Local revenues, capital	708,155	2,182,801
<b>TOTAL OTHER REVENUES</b>	<u>2,497,223</u>	<u>10,581,270</u>
<b>CHANGE IN NET POSITION</b>	2,070,279	9,450,278
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>79,412,923</u>	<u>69,962,645</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 81,483,202</u>	<u>\$ 79,412,923</u>

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

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

---

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 5,161,471	\$ 3,252,654
(Disbursement) Repayments of student loans	(25,005)	(169,011)
Payments to vendors for supplies and services	(10,032,531)	(9,563,162)
Payments to or on behalf of employees	(49,771,447)	(51,935,331)
Payments to students for scholarships and gra fogr9ASt 7(e)	(16.8(s.6((7)-25((15)3(1),)4.3(4)41)	

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

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, Continued  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

---

	2013	2012
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	)(A059.4(t)-110L/35.7F53845.7(O	BT5N

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

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2013 AND 2012**

---

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

---

	<b>2013</b>	<b>2012</b>
	<b>Trust</b>	<b>Trust</b>
<b>ADDITIONS</b>		
Local revenues	\$ 142,476	\$ 153,453
<b>Total Additions</b>	<b>142,476</b>	<b>153,453</b>
 <b>DEDUCTIONS</b>		

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

---

---

NOTES TO FINANCIAL STATEMENTS

---

---

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

### NOTE 1 - ORGANIZATION

The Mt. San Jacinto Community College District (the District) was established in 1962 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, capital project funds, and proprietary funds, but these budgets are managed at the department level. Currently, the District is a single college with one center and two other offsite locations located within Riverside County. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of GASB Statement No. 61. The District has considered all potential component units in determining how to define the reporting entity using criteria set forth in accounting principles generally accepted in the United States of America. The basic criteria for including a component unit are (1) the economic resources held or received by the other entity are entirely or almost entirely for the direct benefit of the District, (2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources held or received by the other entity, and (3) the other entity's resources to which the District is entitled, or has the ability to otherwise access, are significant to the District. If any of these criteria are not met, the final criterion for including a component unit is whether the other entity is closely related to, or financially integrated with, the District. The District identified no component units.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The









**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

# **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012**

---

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$4,358,322 of restricted net position.

### **State Apportionments**

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

### **Property Taxes**

Secured property taxes attach as an enforceable lien on property as of January 1. The Riverside County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes on behalf

# **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012**

---

### **Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **Interfund Activity**

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

Concepts Statement No. 4, **Elements of Financial Statements**, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, **Accounting and Financial Reporting for Derivative Instruments**, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, **Accounting and Financial Reporting for Service Concession Arrangements**, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term **deferred** in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

## **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012**

---

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- x Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- x Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- x Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

#### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

### NOTE 3 - DEPOSITS AND INVESTMENTS

#### **Policies and Practices**

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

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



# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

### General Authorizations

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

Authorized	Maximum Remaining	Maximum Percentage	Maximum Investment
------------	----------------------	-----------------------	-----------------------

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 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 to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and County Pooled Investment Fund.

### Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Market Value	Weighted Average of Maturity in Days
Riverside County Treasury Pooled Investment	\$ 11,328,708	515
First American Treasury Obligation	1,104,443	52
Total	\$ 12,433,151	

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are rated AAA/V1 by Fitch Ratings Ltd. as of June 30, 2013. Treasury obligations have been rated by Standard & Poor's rating agency.

Investment Type	Minimum Legal Rating	Rating June 30, 2013	Fair Market Value
Riverside County Treasury Pooled Investment	Not required	Aaa/AA+	\$ 11,328,708
First American Treasury Obligation	Not applicable	AAAm/AAAmf	1,104,443
Total			\$ 12,433,151

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

### **Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 100 percent of the secured public deposits.

# MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

---

### NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	Primary Government	
	2013	2012
Federal Government		
Categorical aid	\$ 705,860	\$ 935,865
State Government		
Apportionment	7,353,036	7,679,739
Categorical aid	34,834	12,840
Lottery	820,634	647,465
Local Sources		
Interest	9,332	9,101
Property taxes	210,260	809,212
Other local sources	837,400	431,854
Total	<u>\$ 9,971,356</u>	<u>\$ 10,526,076</u>
Student receivables and loans	\$ 478,374	\$ 433,154
Less reserve	(166,802)	(146,587)
Total	<u>\$ 311,572</u>	<u>\$ 286,567</u>

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance Beginning of Year	Additions	Deductions and Adjustments	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 6,809,952	\$ -	\$ -	\$ 6,809,952
Construction in progress	23,724,686	900,624	5,230	24,620,080
Total Capital Assets Not Being Depreciated	<u>30,534,638</u>	<u>900,624</u>	<u>5,230</u>	<u>31,430,032</u>
Capital Assets Being Depreciated				
Land improvements	9,391,697	792,607	-	10,184,304
Buildings and improvements	51,082,690	1,234,259	-	52,316,949
Furniture and equipment	15,611,225	1,580,501	-	17,191,726
Total Capital Assets Being Depreciated	<u>76,085,612</u>	<u>3,607,367</u>	<u>-</u>	<u>79,692,979</u>
Total Capital Assets	<u>106,620,250</u>	<u>4,507,991</u>	<u>5,230</u>	<u>111,123,011</u>
Less Accumulated Depreciation				
Land improvements	2,697,408	467,169	-	3,164,577
Buildings and improvements	12,875,503	1,185,563	-	14,061,066
Furniture and equipment	9,395,425	953,933	-	10,349,358
Total Accumulated Depreciation	<u>24,968,336</u>	<u>2,606,665</u>	<u>-</u>	<u>27,575,001</u>
Net Capital Assets	<u>\$ 81,651,914</u>	<u>\$ 1,901,326</u>	<u>\$ 5,230</u>	<u>\$ 83,548,010</u>

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance Beginning	Deductions and	Balance End
--	----------------------	-------------------	----------------

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable consisted of the following:

	Primary Gov(s)]TJ 14(r)-25.1(r)T /F3 n	
	2013	2012
Accrued payroll and benefits	\$ 672,656	\$ 349,285
Apportionment	2,980,743	130,122
Vendor payables	714,372	2,943,965
Construction	206,191	-
Other	720,415	551,458
Total	\$ 5,294,377	\$ 3,974,830
	Fiduciary Funds	
Other local	\$ 1,479	\$ 3,788

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Long-Term Obligations Summary**

The changes in long-term obligations during the 2013 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Lease Revenue Bonds</b>					
Series 2003	\$ 6,385,000	\$ -	\$ 200,000	\$ 6,185,000	\$ 205,000
Series 2008A	5,565,000	-	75,000	5,490,000	80,000
Total Bonds Payable	<u>11,950,000</u>	<u>-</u>	<u>275,000</u>	<u>11,675,000</u>	<u>285,000</u>
<b>Other Liabilities</b>					
Compensated absences	1,336,436	-	64,900	1,271,536	-
Capital leases	175,790	399,115	179,204	395,701	-
Golden handshake	2,645,664	315,128	370,318	2,590,474	-
Load banking	415,687	-	87,225	328,462	-
Total Other Liabilities	<u>4,573,577</u>	<u>714,243</u>	<u>701,647</u>	<u>4,586,173</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 16,523,577</u>	<u>\$ 714,243</u>	<u>\$ 976,647</u>	<u>\$ 16,261,173</u>	<u>\$ 285,000</u>

The changes in long-term obligations during the 2012 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Due in One Year
<b>Lease Revenue Bonds</b>					
Series 2003	\$ 6,580,000	\$ -	\$ 195,000	\$ 6,385,000	\$ 200,000
Series 2008A	5,635,000	-	70,000	5,565,000	75,000
Total Bonds Payable	<u>12,215,000</u>	<u>-</u>	<u>265,000</u>	<u>11,950,000</u>	<u>275,000</u>
<b>Other Liabilities</b>					
Compensated absences	1,311,254	25,182	-	1,336,436	-
Capital leases	1,645,012	277,825	1,747,047	175,790	52,960
Golden handshake	3,035,310	-	389,646	2,645,664	570,280
Load banking	430,241	-	14,554	415,687	-
Total Other Liabilities	<u>6,421,817</u>	<u>303,007</u>	<u>2,151,247</u>	<u>4,573,577</u>	<u>623,240</u>
Total Long-Term Obligations	<u>\$ 18,636,817</u>	<u>\$ 303,007</u>	<u>\$ 2,416,247</u>	<u>\$ 16,523,577</u>	<u>\$ 898,240</u>

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**Description of Debt**

Payments on the lease revenue bonds are made by the capital outlay fund. The capital lease payments are made by the General Fund and capital outlay fund. The compensated absences are made by the fund for which the

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

The outstanding Lease Revenue Bond is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
6/12/03	6/1/2033	3.00-4.25	\$ 8,000,000	\$ 6,385,000	\$ -	\$ 200,000	\$ 6,185,000
5/22/08	5/1/2038	3.50-5.00	5,860,000	5,565,000	-	75,000	5,490,000
				<u>\$ 11,950,000</u>	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$ 11,675,000</u>

Debt service requirements to maturity - Series 2003 Lease Revenue Bond matures through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 205,000	\$ 261,780	\$ 466,780
2015	215,000	254,605	469,605
2016	220,000	246,811	466,811
2017	230,000	238,561	468,561
2018	240,000	229,706	469,706
2019-2023	1,350,000	993,156	2,343,156
2024-2028	1,660,000	675,500	2,335,500
2029-2033	2,065,000	278,689	2,343,689
Total	<u>\$ 6,185,000</u>	<u>\$ 3,178,808</u>	<u>\$ 9,363,808</u>

Debt service requirements to maturity - Series 2008A Lease Revenue Bond matures through 2038 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 80,000	\$ 250,789	\$ 330,789
2015	85,000	247,589	332,589
2016	85,000	243,339	328,339
2017	90,000	239,089	329,089
2018	95,000	234,789	329,789
2019-2023	530,000	1,108,911	1,638,911
2024-2028	665,000	984,625	1,649,625
2029-2033	825,000	819,319	1,644,319
2034-2038	3,035,000	477,299	3,512,299
Total	<u>\$ 5,490,000</u>	<u>\$ 4,605,749</u>	<u>\$ 10,095,749</u>

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**Capital Leases**

The District has entered into various capital lease arrangements for equipment. The lease agreements do not carry a stated interest rate, and no interest has been input.

	Capital Lease
Balance, July 1, 2012	\$ 175,790
Additions	399,115
Payments	(179,204)
Balance, June 30, 2013	<u>\$ 395,701</u>

The District’s principal obligations on lease agreements with options to purchase are summarized below:

Year Ending June 30,	Lease Payment
2014	\$ 171,869
2015	171,869
2016	41,831
2017	10,132
Total	<u>\$ 395,701</u>

**CalSTRS/CalPERS Golden Handshake Agreement**

The District has adopted an early retirement incentive program pursuant to Education Code Sections 22714 and 87488, whereby the service credit to eligible employees is increased by two years (and age is increased by two years). Eligible employees must have five or more years of service under the California State Teachers’ Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District (retire during the window period in the formal action taken by the District’s governing board). The approximate accumulated future liabilities for all the Golden Handshakes combined at June 30, 2013, are \$2,590,474.

**Other Obligations**

The compensated absences balance at June 30, 2013, was \$1,271,536.

The amount owed to employees for load banking balances at June 30, 2013, was \$328,462.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS  
(OPEB) ASSET**

The District provides postemployment health care benefits for retired employees in accordance with approved Board policy.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**Trend Information**

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Asset
2011	\$ 496,244	\$ 774,997	156%	\$ 940,065
2012	496,244	270,314	54%	714,135
2013	496,244	252,077	51%	702,968

**Funding Status and Funding Progress**

The funded status of the OPEB Plan as of June 30, 2013, is as follows:

Actuarial Accrued Liability (AAL)	\$ 3,948,140
Actuarial Value of Plan Assets *	<u>2,241,079</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 1,707,061</u></u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	56.8%
Covered Payroll	<u>\$ 34,887,743</u>
UAAL as Percentage of Covered Payroll	<u><u>4.89%</u></u>

\* Asset Valuation as of June 30, 2013

The above noted actuarial accrued asset was based on the July 1, 2011, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements







**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**Funding Policy**

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

---

**Deferred Compensation**

# **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012**

---

### **NOTE 16 - COMMITMENTS AND CONTINGENCIES**

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

#### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

#### **Early Retirement - Golden Handshake**

---

---

REQUIRED SUPPLEMENTARY INFORMATION

---

---

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING  
PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)*</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Normal Method Used (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a) / c]</b>
October 20, 2008	\$ 999,816	\$ 3,758,708	\$ 2,758,892	27%	\$ 35,212,196	7.84%
March 1, 2010	1,156,287	4,856,592	3,700,305	24%	36,147,539	10.24%
July 1, 2011	2,241,079	3,948,140	1,707,061	57%	34,887,743	4.89%

\* Asset Valuation as of June 30, 2013

---

---

SUPPLEMENTARY INFORMATION

---

---







**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Board Financial Assistance Program (BFAP-2101)	\$ 527,736	\$ -	\$ 527,736
Extended Opportunity Program and Services (EOPS-2111)	422,654	-	422,654
Cooperative Agencies Resources for Educ. (CARE-2112)	101,184	-	101,184
Disabled Students Program (DSPS-2121)	496,146	684	496,830
CalWORKS (2131)	290,872	-	290,872
Credit Matriculation (2141)	347,183	3,250	350,433
Non-Credit Matriculation (2142)	27,275	-	27,275

See accompanying note to supplementary information.



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2013**

---

Reported      Audit      Audited

See accompanying note to supplementary information.



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued  
FOR THE YEAR ENDED JUNE 30, 2013**

	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799			
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
<b><u>Exclusions</u></b>							
<b>Activities to Exclude</b>							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 333,701	\$ -	\$ 333,701	\$ 333,701	\$ -	\$ 333,701
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	299,790	-	299,790
<b>Objects to Exclude</b>							
Rents and Leases	5060	-	-	-	283,461	-	283,461
Lottery Expenditures							
<b>Total Supplies and Materials</b>		-	-	-	-	-	-
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 1,435,949	\$ -	\$ 1,435,949
<b>Total Exclusions</b>		333,701	-	333,701	2,352,901	-	2,352,901
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 21,499,780	\$ -	\$ 21,499,780	\$ 42,971,292	\$ -	\$ 42,971,292
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		50.03%		50.03%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 21,485,646		\$ 21,485,646

See accompanying note to supplementary information.



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**



**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
NET POSITION  
JUNE 30, 2013**

---

**Amounts Reported for Governmental Activities in the Statement  
of Net Position are Different Because:**

**Total Fund Balance and Retained Earnings:**

General Funds	\$ 6,819,115	
Child Development Fund	36,855	
Capital Outlay Projects Funds	3,929,599	
Bookstore	1,520,202	
Internal Service Funds	368,620	
Fiduciary Funds	378,519	
<b>Total Fund Balance - All District Funds</b>		<b>\$ 13,052,910</b>

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	111,123,011	
Accumulated depreciation is	(27,575,001)	
Less fixed assets already recorded in the enterprise funds	(174,605)	83,373,405

See accompanying note to supplementary information.

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

---

**NOTE 1 - PURPOSE OF SCHEDULES**

**District Organization**

This schedule provides information about the District's governing board members and administration members.

**Schedule of Expenditures of Federal Awards**

---

---

INDEPENDENT AUDITORS' REPORTS

---

---

**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**

Board of Trustees  
Mt. San Jacinto Community College District  
Mt. San Jacinto, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the business-type activities of Mt. San Jacinto Community College District (the District) and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under **Government Auditing Standards** and which are described in the accompanying Schedule of Findings and Questioned Costs as item







## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees  
Mt. San Jacinto Community College District  
Mt. San Jacinto, California

### Report on State Compliance

We have audited Mt. San Jacinto Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office District Audit Manual issued in April 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2013.

### Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office District Audit Manual issued in April 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's programs based on our audit of the types of compliance requirements referred to above. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2013, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.



In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

- Section 421 Salaries of Classroom Instructors (50 Percent Law)
- Section 423 Apportionment for Instructional Service Agreements/Contracts
- Section 424 State General Apportionment Funding System
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 431 Gann Limit Calculation
- Section 433 CalWORKS
- Section 435 Open Enrollment
- Section 437 Student Fees Instructional and Other Materials
- Section 438 Student Fees Health Fees and Use of Health Fee Funds
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 479 To Be Arranged (TBA) Hours
- Section 490 Proposition 1D State Bond Funded Projects
- Section 491 Proposition 30 Education Protection Account Funds

---

---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

---

---

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063; 84.007; 84.033; 84.032</u>	<u>Student Financial Assistance Program Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 638,506</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

None repor

**MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

None reported.

## **MT. SAN JACINTO COMMUNITY COLLEGE DISTRICT**

### **STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013**

---

The following finding represents instances of noncompliance and/or questioned costs relating to State program laws and regulations.

#### **2013-1 475 - DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)**

##### **Criteria or Specific Requirement**

California Code of Regulations (CCR) Title 5, Education Code section 56022 and <http://DSPS> provide guidance and direction on the reporting and accounting requirements for DSPS.

##### **Condition**

Student Educational Contracts (SEC) must be established upon initiation of DSPS services and shall be reviewed and updated annually for every student with a disability participating in DSPS. During the testing of the program files, five students did not have the proper form in the files.

##### **Questioned Costs**

FTES funding is not affected by this compliance finding.

##### **Effect**

By not following program guidelines, the special funding for the DSPS program could be jeopardized.

##### **Recommendation**

The District must ensure that the program director is aware of the DSPS requirements and is following all requirements annually for the students who are benefiting from this program.

##### **Management's Response and Corrective Action Plan**

Looking at this issue has served to strengthen and confirm that the strategies DSPS began developing and implementing beginning February 2013 have been moving in the right direction. These efforts to ensure that all DSPS forms, processes, practices, and procedures are in compliance with Title 5, the ADA and Section 504 have resulted in greater efficiency while maintaining effectiveness. New strategies developed and implemented include: 1) student communication via the DSPS website and email blasts to remind students to schedule appointments to update their SECs and Ed Plans prior to priority registration, 2) each time a student visits the DSPS office, the hard file is pulled and checked

