



**ANTELOPE VALLEY COLLEGE**

**3041 W. Avenue K  
Lancaster, California**

**MEETING OF THE CITIZENS' OVERSIGHT COMMITTEE  
Wednesday, January 25, 2017 - 9:00 a.m.  
Administration Building – A124 – President's Conference Room**

- I. Call to Order**
- II. Attendance**
- III. Comments from Community Re: Agenda Items**
- IV. Approval of the March 9, 2016 - Minutes (Attachment)**
- V. Measure R Financial Statements – June 30, 2016(Attachment)**
- VI. Measure R Performance Audit Report - June 30, 2016(Attachment)**
- VII. Measure R Expenditure Report – June 30, 2016 (Attachment)**
- VIII. Adjournment**

**Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the President's Office at (661)722-6301 (weekdays between the hours of 8:00 a.m. – 6:00 p.m.) at least 48 hours before the meeting, if possible. Public records related to agenda items for open session are available for public inspection 72 hours prior to each regular meeting at the Antelope Valley College President's Office, Administration Building, 3041 West Avenue K, Lancaster, CA 93536.**



# ANTELOPE VALLEY COLLEGE

3041 W. Avenue K  
Lancaster, California

## MINUTES

OF THE MEETING OF THE CITIZENS' OVERSIGHT COMMITTEE

Wednesday, March 9<sup>th</sup>, 2016 - 10:30 a.m.

Administration Building – A124 – President's Conference Room

### I. Call to Order

The meeting was called to order at 10:35 a.m.

### II. Attendance

Senior Citizen's Representative: Chuck Church, Chair

Community at Large Representatives: Drew Mercy (**ABSENT**) & Chris Grado

Business Community Representatives: Gus Camacho – (**ABSENT**) & Dr. Gil Snow (**ABSENT**)

AVC Foundation Organization Representative: John Currado

Student Representative: Kimbirly Dolatowski

**Staff Present:** Ed Knudson, President, Diana Keelen, Executive Director of Business Services, and Doug Jensen, Executive Director of Facilities Services.

### III. Comments from Community Re: Agenda Items

There were no public comments.

### IV. Approval of the June 16, 2015 - Minutes – (Attachment)

On a motion made by Chris Grado and Seconded by Kimbirly Dolatowski. Motion carried (4/0/0). Ayes: Chuck Church, Chris Grado, John Currado and Kimbirly Dolatowski

### V. Measure R Audited Financial Statements – (Attachment)

Diana Keelen, Executive Director of Business Services stated that an audit had been completed from July 2014 – June 30, 2015 and that there were no audit findings. Stated that all the money needs to be spent by June 30, 2016 and that there should not be a problem with that.

### VI. Measure R Audited Performance Report – (Attachment)

Diana Keelen, Executive Director of Business Services distributed a copy of the Performance Audit and explained that the audit confirms that the money is spent within the guidelines of the ballot measure and that the audit had no findings.

### VII. Measure R Facilities Update – (Attachment)

Doug Jensen, Executive Director of Facilities Services reviewed the facilities projects and status on completion on the projects. There was some discussion on the Palmdale Center and what purchases are allowable under the measure.

### VIII. Next Meeting Date

It was discussed to wait to have the next meeting in March 2017 after the January audit.

### IX. Adjournment

The meeting was adjourned at 10:50 a.m.

**Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the President's Office at (661)722-6301 (weekdays between the hours of 8:00 a.m. – 6:00 p.m.) at least 48 hours before the meeting, if possible. Public records related to agenda items for open session are available for public inspection 72 hours prior to each regular meeting at the Antelope Valley College President's Office, Administration Building, 3041 West Avenue K, Lancaster, CA 93536.**

**ANTELOPE VALLEY COMMUNITY  
COLLEGE DISTRICT**  
Lancaster, California

**2004 MEASURE R  
GENERAL OBLIGATION BONDS  
FINANCIAL STATEMENTS**  
June 30, 2016

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

2004 MEASURE R GENERAL OBLIGATION BONDS

June 30, 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS:	
BALANCE SHEET .....	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE .....	4
NOTES TO FINANCIAL STATEMENTS .....	5
OTHER REPORTS:	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	10

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Antelope Valley Community College District  
Lancaster, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Antelope Valley Community College District (the "District") 2004 Measure R General Obligation Bond activity included in the Capital Outlay Projects Fund of the District (the "Bond Fund") as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

---

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure R General Obligation Bond activity of Antelope Valley Community College District, as of June 30, 2016, and the 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 District's Bond Fund, and do not purport to, and do not, present fairly the financial position of the Antelope Valley Community College District as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016 on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the Bond Fund. 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 internal control over financial reporting or on compliance for the Bond Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Antelope Valley Community College District's internal control over financial reporting and compliance for the Bond Fund.



Crowe Horwath LLP

Sacramento, California  
December 21, 2016

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
BALANCE SHEET  
June 30, 2016

---

**ASSETS**

Cash and cash equivalents	\$ 250,356
Accounts receivable	<u>2,062</u>
Total assets	<u>\$ 252,418</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts payable	<u>\$ 260,246</u>
Unassigned fund balance	<u>(7,828)</u>
Total liabilities and fund balance	<u>\$ 252,418</u>

---

See accompanying notes to financial statements.



ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
For the Year Ended June 30, 2016

---

Revenues:	
Interest income	\$ <u>6,674</u>
Expenditures:	
Capital outlay and other operating expenses	<u>1,436,533</u>
Net change in fund balance	(1,429,859)
Restricted fund balance, July 1, 2015	<u>1,422,031</u>
Unassigned fund balance, June 30, 2016	<u><u>\$ (7,828)</u></u>

---

See accompanying notes to financial statements.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Antelope Valley Community College District (the "District") accounts for only the 2004 General Obligation Bond Resources, in the Capital Outlay Projects Fund (the "Bond Fund"). Financial transactions are in accordance with policies and procedures of the State Chancellor's Office's *California Community Colleges Budget and Accounting Manual*. The accounting policies of the Bond Fund conform to generally accepted accounting principles in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

The Bond Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds (Election of 2004, Series A, B, C). The total authorized issuance amount of the bonds is \$139,000,000. Series A of the bonds were sold in April 2005, for \$30,000,000, Series B and C were sold in August 2007 for \$52,536,256 and \$56,460,276, respectively. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Bond Fund of the District, a governmental type fund, and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

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 government funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

The District's Board of Trustees and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents: For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Los Angeles County Treasury are considered cash equivalents.

Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Capital Outlay Projects Fund in accordance with the Bond Project List for 2004 Measure R General Obligation Bonds.

At June 30, 2016 the District's unassigned fund balance totaled negative \$7,828.

---

(Continued)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 during the reporting period. Actual results could differ from those estimates.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2016 consisted of \$250,356 held in the County Treasury investment pool.

The California Government Code requires California banks and savings and loan associations to secure the Bond Fund's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Bond Fund. All cash held by financial institutions is entirely insured or collateralized.

Credit Risk: In accordance with Education Code Section 41001, the Bond Fund maintains substantially all of its cash in the Los Angeles County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorate 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 Treasury, which is recorded on the amortized cost basis.

Because the Bond Fund's deposits are maintained in a recognized pooled investment fund under the care of a third party and the Bond Fund's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable State laws, the Los Angeles County Treasurer may invest in derivative securities. However, at June 30, 2016, the Los Angeles County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

---

(Continued)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
 2004 MEASURE R GENERAL OBLIGATION BONDS  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

---

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
County Pooled Investment Fund	None	None	None

Disclosures Relating to 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. As of year end, no maximum average maturity of the investments contained in the County investment pool.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

<u>Investment Type</u>	<u>Weighted Average Maturity (in Years)</u>
Los Angeles County Investment Pool	2.01

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2016, the District had no concentration of credit risk.

**NOTE 3 – GENERAL OBLIGATION BOND ISSUANCES**

The election of 2004 General Obligation Bonds were authorized at an election of the registered voters of Antelope Valley Community College District held on November 2, 2010, at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed \$139,000,000 principal amount of general obligation bonds of the District. The bonds are included in the audited financial statements of the District.

In April 2005, the District issued General Obligation Bonds Series 2004A, in the amount of \$30,000,000. The bonds were partially refunded during the year ended June 30, 2007 and the remaining bonds matured through August 2015.

In August 2006, the District issued the 2006 General Obligation Refunding Bonds in the amount of \$24,336,792. The purpose of the bonds were to refund portions of the General Obligation Bonds Series 2004A. The bonds consisted of Capital Appreciation bonds totaling \$6,801,792, maturing through August 2016 with interest accreting at rates ranging from 3.7% to 4.3% and Current Interest bonds totaling \$17,535,000. The Current Interest bonds were refunded during the year ended June 30, 2014.

---

(Continued)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

---

**NOTE 3 – GENERAL OBLIGATION BOND ISSUANCES** (Continued)

In August 2007, the District issued the General Obligation Bonds Series 2004B and Series 2004C in the amounts of \$52,536,256 and \$56,460,276, respectively. The Series 2004B bonds consisted of Capital Appreciation bonds totaling \$12,231,256 and Current Interest Bonds totaling \$40,305,000. The Series 2004B bonds were refunded during the year ended June 30, 2015. The Series 2004C bonds consisted of Capital Appreciation bonds of \$14,375,276 and Current Interest bonds of \$42,085,000. The Series 2004C bonds were partially refunded during the years ended June 30, 2014 and June 30, 2015. The remaining Series C 2004C bonds mature through August 2017 with an interest rate of 5.0%.

In April 2014, the District issued \$42,845,000 and \$16,465,000 of 2014 General Obligation Refunding Bonds Series A and Series B, respectively. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004C and 2006 General Obligation Refunding Bonds, and to pay the costs of issuing the 2014 Refunding Bonds. The 2014 Refunding Bonds Series A and Series B mature through August 1, 2027 and August 1, 2022, respectively, with interest rates ranging from 0.5% to 5.0%. At June 30, 2016, \$58,036,459 of bonds outstanding are considered defeased.

In January 2015, the District issued \$77,818,682 of 2015 General Obligation Refunding Bonds. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004B and Series 2004C, and to pay the costs of issuing the 2015 Refunding Bonds. The 2015 Refunding Bonds were issued as \$40,880,000 in Current Interest bonds with interest rates ranging from 2.0% to 5.0% and \$36,938,682 in Capital Appreciation bonds with interest accreting at rates ranging from 3.9% to 4.1%. The 2015 Refunding Bonds mature through August 1, 2039. At June 30, 2016, \$116,613,467 of bonds outstanding are considered defeased.

The Bonds represent an obligation of the District payable solely from *ad valorem* property taxes levied and collected by the County of Los Angeles and Kern County on properties within the District. The Board of Supervisors of Los Angeles and Kern Counties have power and are obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District without limitation of rate or amount, except as to certain personal property which is taxable at limited rates.

**NOTE 4 – CONSTRUCTION COMMITMENTS**

As of June 30, 2016, the District has approximately \$674,000 in outstanding commitments on 2004 General Obligation Bond construction contracts.

**NOTE 5 – FUND BALANCE**

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Bonds is restricted, as described below.

---

(Continued)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

---

**NOTE 5 – FUND BALANCE** (Continued)

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation

The unassigned fund balance classification reflects the residual balance that has not be assigned to other funds and that is not restricted, committed, or assigned to specific purposes. Deficits in fund balance that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.



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

To the Board of Trustees  
Antelope Valley Community College District  
Lancaster, California

We have audited, in accordance with the 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 financial statements of Antelope Valley Community College District (the "District") 2004 Measure R General Obligation Bonds activity included in the Capital Outlay Projects Fund (the "Bond Fund") of Antelope Valley Community College District as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 21, 2016.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over Bond Fund financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting for the Bond Fund.

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

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.

---

(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's Bond Fund financial statements are free of material misstatement, we performed tests of the District's 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*.

## Purpose of this Report

The purpose of this 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 entity's internal control or on compliance for the Bond Fund. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance for the Bond Fund. Accordingly, this communication is not suitable for any other purpose.



Crowe Horwath LLP

Sacramento, California  
December 21, 2016



**ANTELOPE VALLEY COMMUNITY  
COLLEGE DISTRICT**

**2004 MEASURE R  
GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT**

June 30, 2016

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT  
June 30, 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
BACKGROUND:	
LEGISLATIVE HISTORY .....	2
ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT 2004 MEASURE R GENERAL OBLIGATION BONDS .....	2
PERFORMANCE AUDIT:	
OBJECTIVES .....	4
SCOPE .....	4
METHODOLOGY .....	4
CONCLUSION .....	4

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Bond Oversight Committee  
Antelope Valley Community College District  
Lancaster, California

We have conducted a performance audit of the Antelope Valley Community College District 2004 Measure R General Obligation Bond funds for the year ended June 30, 2016.

We conducted our performance audit in accordance with *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 findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure R General Obligation Bond 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 net proceeds thereof. Management is responsible for Antelope Valley Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Antelope Valley Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our tests indicated that, in all significant respects, Antelope Valley Community College District expended 2004 Measure R General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

  
Crowe Horwath LLP

Sacramento, California  
December 21, 2016

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2016

---

## LEGISLATIVE HISTORY

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, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1 (b)(3)D of Article XIII A of the California Constitution.

## ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT MEASURE R GENERAL OBLIGATION BONDS

The Antelope Valley Community College District (Kern and Los Angeles Counties, California) Election of 2004 General Obligation Bonds were authorized at an election of the registered voters of the Antelope Valley Community College District (the "District") held on November 2, 2004 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$139,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the ballot test is as follows:

*"To accommodate increasing enrollment at Antelope Valley College, prepare students for jobs, four-year colleges, improve campus safety by:*

- *Expanding facilities for nursing, medical training programs;*
- *Expanding health, science, English, math, language labs, classrooms;*
- *Upgrading high-tech learning center;*

*and repairing, acquiring, constructing, equipping buildings, sites, classrooms, shall Antelope Valley Community College District issue \$139 million in bonds, at legal rates, with **citizen oversight**, guaranteed **annual audits**, and no money for administrators' salaries?"*

---

(Continued)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
BACKGROUND INFORMATION  
June 30, 2016

---

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT MEASURE R GENERAL OBLIGATION BONDS (Continued)**

The District's Board of Trustees developed the following Bond Project List for Measure R:

Antelope Valley College

- Build a science and allied health/medical training facility
- Build a high technology learning center
- Build a technology building II
- Build an automotive technology building
- Build a humanities and social science building
- Expand campus library
- Expand child development center
- Expand English as a second language building
- Expand learning center
- Upgrade, repair, equip, and construct and/or expand student center and student services building
- Build, upgrade and acquire college classrooms
- Relocate maintenance and operations facility to make room for the construction of the new science and allied health center
- Establish Antelope Valley College education center in Palmdale/South Valley area to accommodate growth and increasing student enrollment
- Repair, upgrade, and/or replace obsolete classrooms, science and computer labs, instructional facilities, sites and utilities

In April 2005, the District issued General Obligation Bonds Series 2004A, in the amount of \$30,000,000. The bonds were partially refunded during the year ended June 30, 2007 and the remaining bonds matured through August 2015.

In August 2007, the District issued the General Obligation Bonds Series 2004B and Series 2004C in the amounts of \$52,536,256 and \$56,460,276, respectively. The Series 2004B bonds consisted of Capital Appreciation bonds totaling \$12,231,256 and Current Interest Bonds totaling \$40,305,000. The Series 2004B bonds were refunded during the year ended June 30, 2015. The Series 2004C bonds consisted of Capital Appreciation bonds of \$14,375,276 and Current Interest bonds of \$42,085,000. The Series 2004C bonds were partially refunded during the years ended June 30, 2014 and June 30, 2015. The remaining Series C 2004C bonds mature through August 2017 with an interest rate of 5.0%.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
2004 MEASURE R GENERAL OBLIGATION BONDS  
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS  
June 30, 2016

---

**OBJECTIVES**

The objective of our performance audit was to determine that the District expended Measure R General Obligation Bond funds for the year ended June 30, 2016 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

**SCOPE**

The District provided to us a list of all Measure R General Obligation Bond project expenditures for the year ended June 30, 2016 (the "List"). A total of \$1,436,533 in expenditures from July 1, 2015 through June 30, 2016 were identified.

**METHODOLOGY**

We performed the following procedures to the List of Measure R General Obligation Bond project expenditures for the year ended June 30, 2016:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported in the District's Capital Outlay Projects Fund's audited financial statements for the year ended June 30, 2016.
- Selected a sample of expenditures totaling \$911,733. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 63% of the total value of expenditures. Verified that the expenditures were for the approved projects and were expended for the construction, expansion, or replacement of school facilities, including the furnishings and equipping of school facilities, or the acquisition or lease of real property for school facilities and that funds were not spent for District administrative or instructional salaries or other administrative expenses.

**CONCLUSIONS**

The results of our tests indicated that, in all significant respects, Antelope Valley Community College District expended Measure R General Obligation Bond funds for the year ended June 30, 2016 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



## Measure R Expenditure Report

June 30, 2016

PROJECT NAME	GL Project Code	Total Project Budget (may incl st funds)	Portion of Budget Funded by Meas R	Prior Year Expenditures	YTD 2015-16		Total Expenditures
					Actuals	Encumbered	
<b>Misc. Projects</b>							
04/05 Replace Ext Doors	15726		-	\$ 0		\$ -	\$ 0
Campus Road Projects	15717	1,451,730	1,451,730	1,245,461	206,269	-	1,451,730
Parking Lot Repair	15200	615,291	615,291	615,291		-	615,291
Natorium	15734	4,373	4,373	4,373		-	4,373
Baseball Field Repair	15721	17,750	17,750	17,250	500	-	17,750
<b>Total Misc Projects</b>		2,089,143	2,089,143	1,882,374	206,769	-	2,089,143
<b>North Parking Lot</b>							
North Parking Lot	15706	5,190,889	5,190,889	5,190,889		-	5,190,889
N. Parking Lot Maint. & Oper.	14520	62,770	62,770	62,770		-	62,770
<b>Total North Parking Lot</b>	15706	5,253,659	5,253,659	5,253,659		-	5,253,659
Replace Door Hrdwr PHS III	15727	-	-	-		-	-
M & O Facility Shop Ventilation	15723	16,549,432	16,549,432	16,340,392	209,040	-	16,549,432
Campus Roof Repair Project 1	15737	570,935	570,935	570,935		-	570,935
Campus Roof Repair Project 2	15779	7,500	7,500	-	7,500	-	7,500
Agriculture Labs & Greenhouse	15743	5,840,253	5,840,253	5,840,253		-	5,840,253
HVAC Repairs	15102	436,137	436,137	436,137		-	436,137
Environmental Impact Report	15722	35,306	35,306	35,306		-	35,306
Campus Design Standards	15732	109,738	109,738	109,738		-	109,738
<b>Theatre</b>							
Total Theatre Costs		24,807,325	13,923,287	24,807,325		-	24,807,325
Less State Reimbursements				(10,884,038)		-	(10,884,038)
<b>Theatre, net of state funds</b>	15730	24,807,325	13,923,287	13,923,287		-	13,923,287
<b>Health &amp; Sciences Building</b>							
Total H&S Building		54,496,437	26,769,626	54,452,112	44,325	-	54,496,437
Less State Reimbursements				(27,726,811)		-	(27,726,811)
<b>H&amp;S Bldg, net of state funds</b>	15720	26,769,626	26,769,626	26,725,301	44,325	-	26,769,626
Palmdale Campus Land Acquisition	15701	5,065,231	5,065,231	5,065,231		-	5,065,231
<b>FPP/IPP</b>							
Arts & Music (Chg. From 15730)	15749	96,094	96,094	96,094		-	96,094
Fitness & Wellness Center	15729	26,899	26,899	26,899		-	26,899
Student Center Remodel	15714	75,871	75,871	75,871		-	75,871
Facilities Planning Services		-	-	-		-	-
Gymnasium Remodel & Addition	15740	42,564	42,564	42,564		-	42,564

## Measure R Expenditure Report

June 30, 2016

PROJECT NAME	GL Project Code	Total Project Budget	Portion of Budget Funded by Meas R	Prior Year Expenditures	YTD 2015-16		Total Expenditures
					Actuals	Encumbered	
Library Remodel	15741	48,324	48,324	48,324	-	-	48,324
Humanities/Social Sciences	15747	18,016	18,016	18,016	-	-	18,016
High Tech Learning Center	15748	18,016	18,016	18,016	-	-	18,016
<b>TOTAL FPP/IPP</b>		325,784	325,784	325,784	-	-	325,784
<b>West Campus Expansion</b>	15750	43,007,596	43,007,596	43,007,596	-	-	43,007,596
Renovate Stadium	15736	7,500	7,500	7,500	-	-	7,500
PE/Athletic Fields	15739	1,382,885	1,382,885	1,382,885	-	-	1,382,885
<b>Total West Campus</b>		44,397,981	44,397,981	44,397,981	-	-	44,397,981
Replace/Upgrade Campus Inff.	15735	24,401,360	24,401,360	24,351,514	49,846	-	24,401,360
<b>ADA</b>							
ADA - Improvements	15731	44,277	44,277	44,277	-	-	44,277
ADA Evaluation	15702	45,429	45,429	45,429	-	-	45,429
<b>Total ADA</b>		89,706	89,706	89,706	-	-	89,706
Auto Body Relocation	15742	3,495,274	3,495,274	3,495,274	-	-	3,495,274
Site Improvement - Telecom	15501	245,363	245,363	245,363	-	-	245,363
Network Infrastructure Upgrade	15086	1,385,309	1,385,309	1,385,309	-	-	1,385,309
Planning & Document Control	15738	626,446	626,446	626,446	-	-	626,446
Capital Outlay Projects	15755	2,172,935	2,172,935	2,172,935	-	-	2,172,935
Chilled Water Loop	15710	371,454	371,454	371,454	-	-	371,454
Remodel LS, PF & ME	15746	13,469	13,469	13,469	-	-	13,469
Legal Fees	14000	123,606	123,606	123,606	-	-	123,606
Sand Volleyball Facility	15775	20,051	20,051	20,051	-	-	20,051
Planning & Coordination	15728	9,230	9,230	6,000	3,230	-	9,230
Campus Security Camera System	15744	150,022	150,022	-	150,022	-	150,022
Landscape Projects	15770	27,150	27,150	27,150	-	-	27,150
Elevator Projects	15771	14,440	14,440	14,440	-	-	14,440
Campus Restrooms Renovations	15772	12,014	12,014	11,389	624	-	12,014
Choral Room Renovations	15773	133,486	133,486	19,894	113,592	-	133,486
Tennis Court Renovations	15776	107,455	107,455	107,455	-	-	107,455
Curb & Walkway Renovation	15778	169,228	169,228	118,463	50,765	-	169,228
SSV Window & Wall Repair	15780	22,460	22,460	22,460	-	-	22,460
New Palmdale Center	15761	512,107	512,107	-	512,107	-	512,107
New Palmdale Center (FF&E)	15761	88,712	88,712	-	88,712	-	88,712
<b>Total Expenditures</b>		<b>\$ 194,176,138</b>	<b>\$ 155,565,289</b>	<b>\$ 154,128,755</b>	<b>\$ 1,436,533</b>	<b>\$ -</b>	<b>\$ 155,565,288</b>