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ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MEASURE AV GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MEASURE AV GENERAL OBLIGATION BONDS
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JUNE 30, 2023**

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PERFORMANCE AUDIT

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INDEPENDENT AUDITORS' REPORT

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

We have conducted a performance audit of the Antelope Valley Community College District (the "District") Measure AV General Obligation Bond funds for the year ended June 30, 2023.

The results of our tests indicated that, in all significant respects, Antelope Valley Community College District expended Measure AV General Obligation Bond funds for the year ended June 30, 2023 only for specific projects developed by the District's Board of Trustees 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.

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 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 AV General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for 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 if internal controls were adequate to help ensure 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. Accordingly, we do not express any assurance on the internal controls.

CWDL, Certified Public Accountants

San Diego, California
January 2, 2024

BACKGROUND

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MEASURE AV GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2023**

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, community college districts or county offices of education "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of 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 AV GENERAL OBLIGATION BONDS

The Antelope Valley Community College District, Los Angeles County, California Election of 2016 General Obligation Bonds, Measure AV were authorized at an election of the registered voters of the Antelope Valley Community College District held on November 8, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$350,000,000 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 text of the ballot language was as follows:

"To upgrade math, engineering, aerospace/advanced manufacturing classrooms/labs, improve class availability and safety, update technology, repair, construct, acquire facilities, sites/equipment to maintain quality, affordable education for local students/returning veterans, and prepare students for jobs and transfer to four-year universities, shall Antelope Valley Community College District issue \$350,000,000 in bonds at legal rates, requiring citizens' oversight, audits no money for administrators' salaries and all funds used locally?"

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MEASURE AV GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
JUNE 30, 2023**

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT MEASURE AV GENERAL OBLIGATION BONDS,
continued**

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

- Replace outdated classrooms and facilities to meet the needs of 21st century students
- Repair or replace leaky roofs, heating, cooling, plumbing and electricity throughout the aging classroom buildings
- Update technology and maintain technology updates as needed
- Upgrade math, engineering, aerospace and advanced manufacturing classrooms and labs
- Expand rapid job training programs to prepare students for local aerospace, engineering and manufacturing jobs
- Improve educational resources for student services to include returning veterans
- Expand joint-use and concurrent enrollment opportunities for area high school students by partnering with area K-12 districts
- Expand programs and upgrade AVC facilities in Lancaster and Palmdale to support high quality instruction and prepare students for jobs and to transfer to four-year universities

In November 2016, the constituents of the District approved Measure AV authorizing the District to issue \$350,000,000 in general obligation bonds. As of June 30, 2023, the District has issued \$299,995,916 of Measure AV bonds.

In March 2017, the District issued the Measure AV General Obligation Bonds, Series A and A-1 in the amounts of \$116,385,000 and \$33,615,000, respectively. The bonds are scheduled beginning on August 1, 2017 through August 1, 2046, with interest yields ranging from 1.42 to 3.91 percent.

In March 2020, the District issued the Measure AV General Obligation Bonds, Series B in the amount of \$95,000,000. The bonds mature beginning on August 1, 2021 through August 1, 2050, with interest yields ranging from .74 to 2.48 percent.

In November 2022, the District issued \$54,995,916 of 2016 Series C General Obligation Bonds. The 2016 Series C issued with interest yields ranging from 4.03% to 5.53%. The 2016 Series C Bonds mature through August 1, 2047.

PERFORMANCE AUDIT

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MEASURE AV GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
JUNE 30, 2023**

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure AV General Obligation Bond funds for the year ended June 30, 2023 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 AV General Obligation Bond project expenditures for the year ended June 30, 2023 (the "List"). The list of transactions represented \$30,963,306 in expenditures from July 1, 2022 through June 30, 2023.

METHODOLOGY

We performed the following procedures to the List of Measure AV General Obligation Bond project expenditures for the year ended June 30, 2023:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting and determined that controls have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2023, presented as the Measure AV General Obligation Bond funds.
- We selected a sample of expenditures totaling \$9,174,374. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 29.6% of the total expenditure value. We verified that the expenditures were for the approved projects and were expended for the upgrading, acquiring, constructing and equipping of school facilities.

CONCLUSION

The results of our tests indicated that, in all significant respects, Antelope Valley Community College District expended Measure AV General Obligation Bond funds for the year ended June 30, 2023 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.