

Antelope Valley College
Los Angeles County
Lancaster, California
Report on Audit
June 30, 2009

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Antelope Valley Community College District

We have audited the accompanying basic financial statements of Antelope Valley Community College District (the "District"), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of Antelope Valley Community College District, as of June 30, 2009, and the results of its operations, changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, such as the management's discussion and analysis and the schedules of funding progress and employer contributions, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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The Board of Trustees
Antelope Valley Community College District

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The supplementary sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information, including the schedule of expenditures of federal awards, have been subjected to the auditing procedures in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Messner & Hadley, LLP

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
December 22, 2009

Antelope Valley College
**Statement of Net Assets
June 30, 2009**

	<u>District</u>	<u>Foundation</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 109,472,863	\$ 72,367
Investments	-	1,797,425
Accounts receivable	10,432,786	-
Due from other funds	-	-
Stores inventories	663,096	-
Other current assets	575,727	-
Total current assets	121,144,472	1,869,792
Capital assets, net	93,034,140	-
TOTAL ASSETS	<u>\$ 214,178,612</u>	<u>\$ 1,869,792</u>
LIABILITIES		
Current liabilities:		
Current liabilities	\$ 16,264,947	\$ 20,071
Deferred revenue	1,115,597	-
Short term borrowing	7,374,972	-
Current portion of long-term debt	1,952,452	-
Total current liabilities	26,707,968	20,071
Non-current liabilities	149,005,952	-
TOTAL LIABILITIES	<u>175,713,920</u>	<u>20,071</u>
NET ASSETS		
Invested in capital assets	41,993,329	-
Restricted:		
Non-expendable	-	1,695,857
Expendable	1,101,579	556,529
Unrestricted	(4,630,216)	(402,665)
TOTAL NET ASSETS	<u>38,464,692</u>	<u>1,849,721</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 214,178,612</u>	<u>\$ 1,869,792</u>

See the accompanying notes to the financial statements.

Antelope Valley College

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

	<u>District</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and fees	\$ 3,216,755	\$ -
Grants and contracts, non-capital		
Federal	31,356,543	-
State	10,912,094	-
Local	116,520	546,541
Auxiliary enterprise sales and charges	133,463	-
Other operating revenues	1,750,956	-
Total operating revenues	<u>47,486,331</u>	<u>546,541</u>
OPERATING EXPENSE		
Salaries	46,196,997	54,893
Employee benefits	12,237,860	22,957
Books and supplies	7,991,487	-
Services and other operating expenses	12,566,887	63,074
Program support	-	356,075
Depreciation	1,274,331	-
Payment to students	30,447,374	-
Total operating expenses	<u>110,714,936</u>	<u>497,000</u>
OPERATING INCOME/(LOSS)	<u>(63,228,605)</u>	<u>49,541</u>
NON-OPERATING REVENUES/(EXPENSES)		
State apportionments, non-capital	47,629,457	-
Property taxes	7,081,048	-
State taxes and other revenues	55,690	-
Investment income - non-capital	7,487,084	38,554
Unrealized loss on assets	-	(257,801)
Interest expense - capital asset-related debt	(8,334,263)	-
Other non-operating revenues	3,325,225	-
Other non-operating expenses	(257,261)	-
Total non-operating revenues	<u>56,986,980</u>	<u>(219,247)</u>
Income Before Other Revenues, Expenses, Gains, or Losses	<u>(6,241,625)</u>	<u>(169,706)</u>
Local property taxes and revenues, capital	5,515,852	-
CHANGE IN NET ASSETS	<u>(725,773)</u>	<u>(169,706)</u>
NET ASSETS		
Net Assets - Beginning	39,190,465	2,019,427
Net Assets - Ending	<u>\$ 38,464,692</u>	<u>\$ 1,849,721</u>

See the accompanying notes to the financial statements.

Antelope Valley College

 Notes to Financial Statements
 June 30, 2009

NOTE 8 – LONG-TERM LIABILITIES
Summary

A schedule of changes in long-term debt for the year ended June 30, 2009 is shown below:

	Balance July 01, 2008	Additions	Accretion	Deductions	Due in One Year	Long-term Balance
Governmental Activities						
General obligation bonds (GO) Bonds:						
Series 2006						
Current interest	\$ 17,535,000	\$ -	\$ -	\$ -	\$ -	\$ 17,535,000
Capital appreciation	7,422,190	-	794,225	1,090,000	1,125,000	6,001,415
Series 2004						
Current interest	84,620,000	-	-	615,000	255,000	83,750,000
Capital appreciation	27,811,056	-	1,581,098	-	-	29,392,154
Insurance costs and premiums, net	707,429	-	-	24,394	-	683,035
Loan payable	633,155	-	-	185,256	185,339	262,560
Compensated absences	1,216,745	5,282	-	-	-	1,222,027
Early retirement incentive	146,920	-	-	146,920	-	-
SERP	1,935,565	-	-	387,113	387,113	1,161,339
Other postemployment benefits	8,577,459	1,119,675	-	457,848	-	9,239,286
	<u>\$ 150,605,519</u>	<u>\$ 1,124,957</u>	<u>\$ 2,375,323</u>	<u>\$ 2,906,531</u>	<u>\$ 1,952,452</u>	<u>\$ 149,246,816</u>

Antelope Valley College

Schedule of Findings and Questioned Costs
June 30, 2009

SECTION 2 – FINANCIAL STATEMENT FINDINGS

2009-1 30000 and 60000

FORM CCFS-311

Specific Requirement Balances reflected on the District's Annual Financial and Budget Report (Form CCFS-311) as reported to the Chancellor's Office must be supported by underlying District accounting records.

Finding We noted instances where the beginning fund balance reported on the CCFS-311 report did not tie to the District's prior year audited ending fund balance.

Questioned Costs None, as we were able to verify correct amounts.

Effect The District is not able to support all financial information reported to the State with underlying detailed accounting records.

Recommendation Procedures should be established to reconcile fund state reports to underlying / supporting District financial records.

District Response The District will verify that prior year adjustments to the fund balance on the CCFS-311 report reconcile to the audit adjustments.