

**Antelope Valley Community**

**College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and

2006 General Obligation Refunding Bonds

**PERFORMANCE AUDIT**

**June 30, 2009**

# Antelope Valley Community College District

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

## PERFORMANCE AUDIT

June 30, 2009

---

### TABLE OF CONTENTS

	Page
Independent Auditors' Report.....	1
Objectives.....	2
Scope of the Audit.....	2
Background Information.....	3
Procedures Performed.....	4
Conclusion.....	5
Schedule of Findings and Questioned Costs.....	6
Summary Schedule of Prior Audit Findings.....	7

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Antelope Valley Community College District  
Lancaster, California

We have examined Antelope Valley Community College District's compliance with the performance requirements for the Proposition 39/Prop AA General Obligation Bonds for the fiscal year ended June 30, 2009, under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, Antelope Valley Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2009.

*Messner & Hadley, LLP.*

Messner & Hadley, LLP  
Certified Public Accountants

Victorville, California  
December 17, 2009

# **Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

## **PERFORMANCE AUDIT**

June 30, 2009

---

### **OBJECTIVES**

The objectives of our performance audit were to:

- Determine the expenditures charged to the District Bond Construction Fund
- Determine whether expenditures charged to the Bond Construction Fund have been made in accordance with the bond project list approved by the voters through the approval of the Election of 2004, General Obligation Bonds, Series A.
- Note any incongruities or system weaknesses and provide recommendations for improvement
- Provide the District Board and the Citizens Oversight Committee with a performance audit as required under the guidelines of the California Constitution and Proposition 39.

### **SCOPE OF THE AUDIT**

The scope of our performance audit covered the fiscal year from July 1, 2008 to June 30, 2009. The expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2009 were not reviewed or included within the scope of our audit or within this report.

# **Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

## **PERFORMANCE AUDIT**

June 30, 2009

---

### **BACKGROUND INFORMATION**

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. In November of 2004, a general obligation bond proposition (Election of 2004) of the Antelope Valley Community College District was approved by more than fifty-five percent of the voters of that District. The Election of 2004 authorized the District to issue up to \$139,000,000 of general obligation bonds to upgrade, expand, and construct school facilities. On April 26, 2005, the District issued Series A in the amount of \$30,000,000. On August 17, 2006, the District issued \$24,336,792 of 2006 General Obligation Refunding Bonds to advance refund the District's outstanding General Obligation Bonds, Election of 2004, Series A, in the amount of \$30,000,000.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of the District has appropriately established a Citizens' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in State law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Election of 2004 bond authorization. The Citizens' Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Building Capital Projects Fund have been expended only for the authorized bond projects.

## **Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

### PERFORMANCE AUDIT

June 30, 2009

---

#### PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2009 for the Capital Projects Bond Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 with regards to the approved bond projects list. We performed the following procedures:

- Review and evaluate Bond Program financial records and expenditure cost support to verify that funds were used for approved bond program purposes as set forth in the Ballot Measure and Bond Documents.
- Review and evaluate compliance with selected Federal, State and local requirements as well as relevant Proposition 39 requirements.
- Assess whether or not an adequate level of communication was maintained regarding the projects and program.
- Evaluate the processes used to identify facility needs, programming and coordination to comprehensively address site requirements and coordination with various user groups and stakeholders.
- Review and assessment of procurement controls for consistency, adherence to District purchasing policies and application of competitive and fair sub-contracting policies.
- Evaluate the District's policies, procedures and practices to obtain lien releases, prevent claims and project closeout issues and compare to bond project practices for conformity.
- Review and evaluate Bond Program staffing patterns/plans, program workflow, and analysis of relevant expenditures in relation to need.
- Review and evaluate District policies, procedures and practices related to the on-going management of change orders and related costs.
- Review and evaluation of expenditures on a test basis to insure conformity with general and accepted practices and consistency with terms and conditions of the Bond Program.
- Identify areas of effective practice and areas needing improvement within the framework of each of the major scope areas identified above.

# **Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

## **PERFORMANCE AUDIT**

June 30, 2009

---

### **CONCLUSION**

Based upon our procedures performed, we found that, for the items tested, Antelope Valley Community College District has properly accounted for the expenditures of the funds held in the Capital Projects Bond Fund and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Capital Projects Bond Fund, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

**Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

PERFORMANCE AUDIT

June 30, 2009

---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

No current year findings were noted.

**Antelope Valley Community College District**

Proposition 39 General Obligation Bonds

General Obligation Bonds Election 2004

Series A and 2006 General Obligation Refunding Bonds

PERFORMANCE AUDIT

June 30, 2009

---

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**2008-1 Labor Compliance Program**

**Finding** The District has not established a general “labor compliance program” nor has it established alternative procedures to monitor and ensure prevailing wages are being paid on its construction projects.

**Recommendation** The District should establish a comprehensive “labor compliance program” and related procedures to ensure the monitoring of payment of prevailing wages on District construction projects.

**Current Status** Implemented .