

CHAFFEY COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE L
PERFORMANCE AUDIT

Fiscal Year Ending June 30, 2019



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**CHAFFEY COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Citizens' Oversight Committee
Chaffey Community College District
5885 Haven Avenue
Rancho Cucamonga, CA 91737-3002

We have conducted a performance audit of the Chaffey Community College District (the "District"), Measure L General Obligation Bond funds for the fiscal year ended June 30, 2019.

We conducted our performance audit in accordance with generally accepted *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions 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 three of this report which includes determining the Chaffey Community College District's compliance with the performance requirements for the Proposition 39 Measure L General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for the Chaffey 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 Chaffey 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.

The results of our tests indicated that, in all significant respects, Chaffey Community College District expended Measure L General Obligation Bond funds for the fiscal year ended June 30, 2019 only for the 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen, LLP
Glendora, California
October 21, 2019

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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 March 2002, a general obligation bond proposition (Measure L) of the Chaffey Community College District was approved by the voters of the District. Measure L authorized the District to issue up to \$230,000,000 of general obligation bonds to finance various capital projects, and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in State law, is to inform the public as to the expenditures made using the proceeds of the bonds issued pursuant to the Measure L 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 Bond Building Fund have been expended only for the authorized bond projects.

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OBJECTIVES

The objectives of our Performance Audit for the fiscal year ended June 30, 2019 were to:

- Determine the expenditures charged to the Chaffey Community College District Measure L Bond Building Fund;
- Determine whether expenditures charged to the Measure L Bond Building Fund have been made in accordance with the bond project list approved by the voters through the approval of Measure L in March 2002;

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal period from July 1, 2018 to June 30, 2019. 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, 2019 were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

- We identified the expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
- We haphazardly selected a sample of 36 expenditures totaling \$4,345,511 (74% of non-salary related expenditures) and \$33,532 of salaries and benefits (100% of salaries and benefits), considering all object codes and projects for the fiscal year ended June 30, 2019.
- We reviewed the actual invoices and supporting documentation to determine that expenditures charged to projects were:
 - Supported by invoices with evidence of proper approval and documentation of receipt of goods or services;
 - Supported by proper bid documentation, as applicable;
 - Properly expended on the authorized bond projects as listed on the voter-approved bond project list;
 - Used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued November 9, 2004 by the State of California Attorney General.

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CONCLUSION

The results of our test indicated that, in all significant respects, the Chaffey Community College District has properly accounted for the expenditures of the funds held in the Measure L Bond Building Fund and that such expenditures were made for authorized bond projects.

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