

From: [Crystal Tautala](#)
To: [Brandon Harrison](#)
Cc: [Stephanie Slagan](#)
Subject: RE: Eide Bailly RFP # 2021-01 Questions
Date: Thursday, February 25, 2021 3:51:00 PM
Attachments: [MESSNER AND HADLEY CONTRACT \(1\).pdf](#)
[image003.png](#)
[image005.png](#)

Hi Brandon,

Per question # 3 regarding audit fees for the prior three years, I have attached a copy of our prior auditor's contract. Thank you.

Crystal M. Tautala

Fiscal Services Specialist

760.921.5538 P | 760.922.0230 F crystal.tautala@paloverde.edu

One College Drive, Blythe, California 92225



PALO VERDE COLLEGE
WHERE KNOWLEDGE TAKES ROOT AND OPPORTUNITY GROWS

From: Stephanie Slagan <stephanie.slagan@paloverde.edu>
Sent: Wednesday, February 24, 2021 12:48 PM
To: Brandon Harrison <bharrison@eidebailly.com>; Crystal Tautala <crystal.tautala@paloverde.edu>
Subject: RE: Eide Bailly RFP # 2021-01 Questions

1. We see on the website the District audit report, would you be able to provide copies of the Bond and Foundation reports for the last year that has been issued? Here is the link to the Foundation Audits: <http://www.paloverde.edu/foundation/documents.aspx>. Here is the Bond [https://go.boarddocs.com/ca/pvccd/Board.nsf/files/BL2RCD6CF324/\\$file/PaloVerdeCCDBondAudit2019FINAL.pdf](https://go.boarddocs.com/ca/pvccd/Board.nsf/files/BL2RCD6CF324/$file/PaloVerdeCCDBondAudit2019FINAL.pdf)
2. What is the expected timeline of the audit procedures, and when is the report typically taken to Board? Typically services are provided at an interim period, Summer and year end? **We usually have two audit visits, one for pre end of year closure that is before June 30 and consist of Internal Controls review and pre- closure document review. Then we have a second visit after we close the books to review end of year and finalize the audit.**
3. Could you please provide a listing of audit fees for the prior three years for the items mentioned in the scope of work i.e. (annual District, Foundation audit and Foundation tax, Bond) Crystal can provide you with our previous Auditors Contract. Please keep in my the Foundation Fee also includes the form 900 and other state documents.
4. Does the District prepare any of the conversion entries necessary to produce full accrual financial statements in accordance with GASB 34/35? We do have depreciation reports that

we give you on an annual basis.

Stephanie M. Slagan, MPA

Vice President of Administrative Services

PVC Foundation Treasurer

P| 760.921.5524 / F| 760.922.0230

E| Stephanie.Slagan@paloverde.edu

One College Drive, Blythe, CA 92225



Go Pirates!

Palo Verde College Foundation Scholarships are now available **online!** For those that are interested we have Scholarship Workshops available.

Here is the Zoom Meeting information for these workshops, their dates and times. The meeting link will be the same for all the meetings to avoid any confusion.

Zoom link: <https://cccconfer.zoom.us/j/98133124346> **Meeting ID:** 981 3312 4346

Dates/Times: Thursday, Feb. 11th at 5:00pm
Wednesday, Feb. 17th at 2:00pm
Thursday, Feb. 25th at 5:00pm
Wednesday, March 3rd at 2:00pm
Thursday, March 11th at 5:00pm
Wednesday, March 17th at 2:00pm

From: Brandon Harrison <bharrison@eidebailly.com>

Sent: Wednesday, February 24, 2021 12:07 PM

To: Stephanie Slagan <stephanie.slagan@paloverde.edu>; Crystal Tautala <crystal.tautala@paloverde.edu>

Subject: Eide Bailly RFP # 2021-01 Questions

Good afternoon,

Thank you all again for allowing my firm to be a part of your RFP process. I am sending over our questions related to the RFP

1. We see on the website the District audit report, would you be able to provide copies of the Bond and Foundation reports for the last year that has been issued?
2. What is the expected timeline of the audit procedures, and when is the report typically taken to Board? Typically services are provided at an interim period, Summer and year end?
3. Could you please provide a listing of audit fees for the prior three years for the items mentioned in the scope of work i.e. (annual District, Foundation audit and Foundation tax, Bond)
4. Does the District prepare any of the conversion entries necessary to produce full accrual financial statements in accordance with GASB 34/35?

Thank you,

Brandon L. Harrison

Partner

Eide Bailly LLP

10681 Foothill Blvd., Ste. 300

Rancho Cucamonga, CA 91730-3831

T 909.466.4410

F 909.466.4431

Beginning Tuesday, March 17, we have moved to a remote working environment.

This means that our physical office locations will be minimally staffed, but our work and collaboration with you continues.

Visit our [COVID-19 Resource Page](#) for ongoing insights and updates.

What inspires you, inspires us.

Let's talk. | eidebailly.com

Confidentiality Note: This email message, including any attachment(s), is for the sole use of the intended recipient(s) and may contain information that is confidential, privileged, or otherwise protected by law. Any unauthorized use, disclosure, or distribution of this communication is strictly prohibited. If you have received this communication in error, please contact the sender immediately by reply email and destroy the original and all copies of the email, including any attachment(s).

Confidentiality Note: The preceding e-mail message, including any attachments, contains information that may be confidential, protected by applicable legal privileges, or constitutes non-public information. It is intended to be conveyed only to the designated recipient(s). If you are not an

intended recipient of this message, please notify the sender by replying to this message and then delete it from your system. Use, dissemination, distribution or reproduction of this message by unintended recipients is not authorized and may be unlawful. E-mail is covered by the Electronic Communications Privacy Act, 18 USC SS 2510-2521 and is legally privileged. 8.C.2.0.P

Annual Retirement Detail by Month

Fiscal Year 2020

District	Retirement Type	Report Month	Type	Retirement Earnings	Employee Contributions	Employer Contributions	Employer Paid Contributions	
05	PERS	1		317,257.61	23,370.08	62,566.37	0.00	
		2		319,269.41	23,510.91	62,963.10	0.00	
		3		376,434.48	27,512.66	74,236.52	0.00	
		4		350,349.72	25,686.70	69,092.32	0.00	
		5		353,743.69	25,243.40	67,843.48	0.00	
		6		358,876.58	25,416.48	68,331.13	0.00	
		7		366,936.19	26,847.73	72,363.34	0.00	
		8		368,138.49	26,931.91	72,600.45	0.00	
		9		367,252.35	26,869.89	72,425.69	0.00	
		10		366,315.11	26,804.28	72,240.88	0.00	
		11		367,438.64	26,882.92	72,462.43	0.00	
		12		367,440.24	26,883.03	72,462.76	0.00	
		Total				4,279,452.51	311,959.99	839,588.47
	STRS	1	R	330,185.00	33,807.13	56,461.65	0.00	
			S	4,433.00	453.35	758.05	0.00	
		2	R	138,564.63	14,186.10	23,694.56	0.00	
			S	4,433.00	453.35	758.05	0.00	
		3	R	524,103.71	53,667.41	89,621.77	0.00	
			S	4,537.50	464.01	775.92	0.00	
		4	R	543,622.43	55,666.37	92,959.45	0.00	
			S	4,537.50	464.01	775.92	0.00	
		5	R	565,128.92	57,868.06	96,637.09	0.00	
			S	4,537.50	464.01	775.92	0.00	
		6	R	540,298.60	55,325.28	92,391.08	0.00	
			S	4,537.50	464.01	775.92	0.00	
		7	R	493,751.65	50,561.14	84,431.52	0.00	
			S	2,164.00	221.81	370.05	0.00	
		8	R	470,086.70	48,137.96	80,335.17	0.00	
			S	6,138.76	622.03	956.89	0.00	
		9	R	755,363.00	77,355.13	129,166.54	0.00	
			S	2,164.00	221.81	370.05	0.00	
		10	R	527,105.37	53,973.44	90,135.00	0.00	
			S	2,164.00	221.81	370.05	0.00	
11		R	771,336.18	78,990.42	131,898.45	0.00		
		S	4,846.90	496.81	828.83	0.00		
12		R	578,301.25	59,217.31	98,889.51	0.00		
		S	2,164.00	221.81	370.05	0.00		
Total				6,284,505.10	643,524.57	1,074,507.49	0.00	
Total				10,563,957.61	955,484.56	1,914,095.96	0.00	
Retirement Type				Retirement Earnings	Employee Contributions	Employer Contributions	Employer Paid Contributions	
PERS				4,279,452.51	311,959.99	839,588.47	0.00	
STRS				6,284,505.10	643,524.57	1,074,507.49	0.00	
Total				10,563,957.61	955,484.56	1,914,095.96	0.00	

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

**Audit Report
June 30, 2020**

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

June 30, 2020

TABLE OF CONTENTS

**FINANCIAL AUDIT OF THE MEASURE P,
GENERAL OBLIGATION BONDS BUILDING FUND**

Independent Auditors' Report.....	1
Balance Sheet.....	3
Statement of Revenues, Expenditures and Changes in Fund Balance.....	4
Notes to Financial Statements.....	5
Independent Auditors' 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
Schedule of Findings and Responses.....	12

**PERFORMANCE AUDIT OF THE MEASURE P,
GENERAL OBLIGATION BONDS BUILDING FUND**

Independent Auditors' Report on Performance.....	13
Background Information.....	14
Objectives and Scope of Performance Audit.....	15
Procedures Performed.....	16
Conclusion.....	17
Schedule of Findings and Responses.....	18

**FINANCIAL AUDIT OF THE
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**



Paul S. Messner, CPA
Cindra J. Hadley, CPA
James M. Quinn, CPA, CFE

INDEPENDENT AUDITORS' REPORT

The Governing Board and
The Citizens' Bond Oversight Committee
Palo Verde Community College District
Blythe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure P General Obligation Bonds Building Fund of Palo Verde Community College District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Measure P, General Obligation Bonds Building Fund's basic 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.

Auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure P, General Obligation Bonds Building Fund of the Palo Verde Community College District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Governing Board and The Citizens' Bond Oversight committee
Palo Verde Community College District

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the individual Measure P, General Obligation Bonds Building Fund, consisting of the net construction proceeds of the Measure P, General Obligation Bonds Building Fund as issued by Palo Verde Community College District, through the County of Riverside, and are not intended to present fairly the financial position of the Palo Verde Community College District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the fund financial statements. Such missing information, although not a part of the fund financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the fund financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021, on our consideration of the District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
January 8, 2021

Palo Verde Community College District
Measure P
General Obligation Bonds Building Fund

BALANCE SHEET
June 30, 2020

ASSETS

Deposits and investments	\$ 296,894
Receivables	<u>1,262</u>

Total Assets	<u><u>\$ 298,156</u></u>
---------------------	--------------------------

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	<u>\$ 296,894</u>
------------------	-------------------

Total Liabilities	296,894
--------------------------	---------

Fund Balance:

Restricted for capital projects	<u>1,262</u>
---------------------------------	--------------

Total Fund Balance	<u>1,262</u>
---------------------------	--------------

Total Liabilities and Fund Balance	<u><u>\$ 298,156</u></u>
---	--------------------------

The notes to the financial statements are an integral part of this statement.

Palo Verde Community College District
Measure P
General Obligation Bonds Building Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2020

REVENUES

Interest income \$ 21,760

Total Revenues 21,760

EXPENDITURES

Other operating expenses and services 154,524

Capital outlay 1,336,663

Total Expenditures 1,491,187

NET CHANGE IN FUND BALANCE (1,469,427)

Fund Balance - Beginning 1,470,689

Fund Balance - Ending \$ 1,262

The notes to the financial statements are an integral part of this statement.

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Palo Verde Community College District (the “District”) is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. The District consists of one community college campus located in Blythe, California and one college campus located in Needles, California.

A. Reporting Entity

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of Palo Verde Community College District have appropriately established a Citizens’ Bond Oversight Committee (“COC”) and appointed its members. The purpose of the COC is to inform the public concerning the use of the bond proceeds. The COC is required by state law to actively review and report on the proper expenditure of taxpayers’ money for school construction. The COC provides oversight and advises the public as to whether Palo Verde Community College District is spending the Measure P, General Obligation Bonds for school capital improvements within the scope of projects outlined in the Measure P Project List. In fulfilling its duties, the COC reviews, among other things, Palo Verde Community College District’ annual performance and financial audits of Measure P activity.

The statements presented are for the Measure P, General Obligation Bond Fund and are not intended to be a complete presentation of the Palo Verde Community College District’ financial position or the results of operations.

B. Accounting Policies

The accounting policies of the Palo Verde Community College District conform to generally accepted accounting principles as prescribed by the *Governmental Accounting Standards Board* (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants (AICPA).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

D. Fund Structure

The Statement of Revenues, Expenditures and Change in Fund Balance is a statement of financial activities of the Measure P General Obligation Bonds Building Fund related to the current reporting period. Fund expenditures frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization.

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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.

E. Deposits and Investments

In accordance with Education Code Sections 15357 and 41001, the Palo Verde Community College District maintains a portion of its cash in the County Treasury. The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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.

G. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, Palo Verde Community College District' Governing Board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. Palo Verde Community College District' Governing Board satisfied these requirements.

These budgets are revised by Palo Verde Community College District' Governing Board 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. Palo Verde Community College District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

H. Fund Balance Classification

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which Palo Verde Community College District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in the Measure P, General Obligation Bonds Building Fund is considered restricted.

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.

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

Notes to Financial Statements

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure P General Obligation Bond Building Funds are determined by its measurement focus. The Measure P General Obligation Bond Building Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure P General Obligation Bond Building Funds are accounted for in the basic financial statements of the District.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

Deposits and investments, as of June 30, 2020, consist of the following:

Governmental activities	\$ 296,894
Total Deposits and Investments	<u>\$ 296,894</u>
Cash in County Treasury	\$ 296,894
Total Deposits and Investments	<u>\$ 296,894</u>

B. Policy and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

Cash in County Treasury

Palo Verde Community College District is considered to be an involuntary participant in an external investment pool as the Palo Verde Community College District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the Palo Verde Community College District’ investment in the pool is reported in the accounting financial statements at amounts based upon the Palo Verde Community College District’ pro-rata 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 Treasurer, which is recorded on the amortized cost basis.

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

Notes to Financial Statements

June 30, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Palo Verde Community College District funds deposited with the County Treasury is delegated to the County Treasurer and Tax Collector. The table below identifies the investment types permitted by California Government Code:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. 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. The Palo Verde Community College District manages its exposure to interest rate risk by investing in the County Treasury. The Palo Verde Community College District maintain an investment with Riverside County Investment Pool with a fair value of approximately \$297,987 and an amortized book value of \$296,894. The average weighted maturity for this pool, as of June 30, 2020, is 1.12 years.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Riverside County Investment Pool is unrated.

F. Concentration of Credit Risk

The investment policy of the Palo Verde Community College District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

Palo Verde Community College District

Measure P

General Obligation Bonds Building Fund

Notes to Financial Statements

June 30, 2020

NOTE 3 – CONSTRUCTION COMMITMENTS

The Measure P, General Obligation Bonds Building Fund had construction commitments of \$297,156 as of June 30, 2020.

NOTE 4 – GENERAL OBLIGATION BONDS

In March, 2016, the District issued \$12,500,000 of 2014 Series A General Obligation Bonds. The bonds were issued to refund a portion of District Certificates of Participation, as well as provide for the acquisition, construction, and improvements of additional educational facilities. The bonds require principal and interest payments through August 1, 2045. Annual interest rates for these bonds range from 2.0%-4.0%.

A summary of the outstanding 2014 Series A General Obligation Bonds of the Palo Verde Community College District, as of June 30, 2020, is shown below:

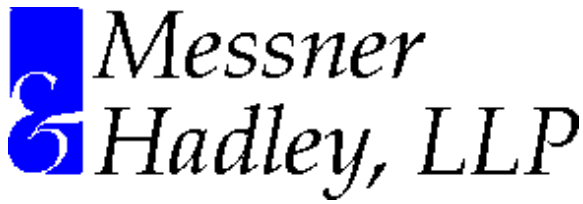
<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds</u>			<u>Bonds</u>
				<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2020</u>
03/01/16	8/1/45	2.0%-4.0%	\$ 12,500,000	<u>\$ 12,060,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,060,000</u>

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2020, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 443,150	\$ 443,150
2022	65,000	442,175	507,175
2023	85,000	439,925	524,925
2024	105,000	437,075	542,075
2025	125,000	433,625	558,625
2026-2030	1,015,000	2,093,234	3,108,234
2031-2035	2,075,000	1,842,175	3,917,175
2036-2040	3,025,000	1,421,634	4,446,634
2041-2045	4,450,000	695,800	5,145,800
2046-2050	1,115,000	22,300	1,137,300
Total	<u>\$ 12,060,000</u>	<u>\$ 8,271,094</u>	<u>\$ 20,331,094</u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Palo Verde Community College District is involved in various litigations arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigations pending is not expected to have a material adverse effect on the overall financial position of the Measure P, General Obligation Bonds Building Fund at June 30, 2020.



Certified Public Accountants

Paul S. Messner, CPA
Cindra J. Hadley, CPA
James M. Quinn, CPA, CFE

INDEPENDENT AUDITORS' 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

The Governing Board and
The Citizens' Bond Oversight Committee
Palo Verde Community College District
Blythe, 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 the Measure P General Obligation Bonds Building Fund, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Measure P General Obligation Bonds Building Fund's basic financial statements, and have issued our report thereon dated January 8, 2021.

As discussed in Note 1, the financial statements present only Measure P General Obligation Bonds, and are not intended to present fairly the financial position and results of operations of the Palo Verde Community College District in conformity with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure P General Obligation Bonds Building Fund'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure P General Obligation Bonds Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure P General Obligation Bonds Building Fund's internal control.

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.

The Governing Board and
The Citizens' Bond Oversight Committee
Palo Verde Community College District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure P General Obligation Bonds Building Fund's financial statements are free of material misstatement, we performed tests of its 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 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. 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. Accordingly, this communication is not suitable for any other purpose.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
January 8, 2021

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND
FINANCIAL AUDIT
June 30, 2020**

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the financial audit of the Measure P General Obligation Bonds Building Fund for the fiscal year ended June 30, 2020.

**PERFORMANCE AUDIT OF THE
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**



Paul S. Messner, CPA
Cindra J. Hadley, CPA
James M. Quinn, CPA, CFE

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

The Governing Board and
The Citizens' Bond Oversight Committee
Palo Verde Community College District
Blythe, California

Report on the Financial Statements

We have conducted a performance audit of Palo Verde Community College District, Measure P General Obligation Bonds Building Fund for the fiscal year ended June 30, 2020.

We conducted our performance audit in accordance with *Governmental 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 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 15 of this report which includes determining Palo Verde Community College District' compliance with the performance requirements of Measure P General Obligation Bonds Building Fund under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution. Management is responsible for Palo Verde Community College District' compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of Palo Verde Community College District to determine if internal controls were adequate to help ensure Palo Verde Community College District' compliance with 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 internal control.

The results of our tests indicated that, in all significant respects, Palo Verde Community College District expended Measure P General Obligation Bonds Building Fund for the fiscal year ended June 30, 2020, only for the specific projects developed by Palo Verde Community College District' 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.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
January 8, 2021

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2020**

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 2014, a general obligation bond proposition (Measure P) of Palo Verde Community College District was approved by more than fifty-five percent of the voters of Riverside County. Measure P authorized Palo Verde Community College District to issue up to \$12,500,000 of general obligation bonds to upgrade, expand, and construct school facilities. In March 2016, Palo Verde Community College District issued Series A bonds in the amount of \$12,500,000.

Pursuant to the requirements of Proposition 39 and related State legislation, the Board of Trustees of Palo Verde Community College 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 Measure P 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 Palo Verde Community College 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.

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2020**

OBJECTIVES

The objectives of our Performance Audit for the fiscal year ended June 30, 2020 were to:

- Determine the expenditures charged to Palo Verde Community College District' Measure P General Obligation Bonds Building Fund Projects.
- Determine whether the expenditures charged to the Palo Verde Community College District' Measure P General Obligation Bonds Building Fund projects have been made in accordance with the Measure P General Obligation Bonds Fund project list approved by the voters through the approval of Measure P.

SCOPE OF THE AUDIT

The scope of our Performance Audit covered the fiscal period from July 1, 2019 to June 30, 2020. The sample of expenditures tested included 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, 2020 were not reviewed or included within the scope of our audit or in this report.

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2020**

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by Palo Verde Community College District for the fiscal year ended June 30, 2020 for the Measure P General Obligation Bonds Building Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Measure P with regards to the approved bond projects list. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set forth in the Measure P election documents.
- We selected a sample of expenditures for the fiscal year ended June 30, 2020 and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We haphazardly selected a sample of 7 expenditures totaling \$878,918 (59% of related expenditures), considering all object codes and projects for the fiscal year ended June 30, 2020.
- 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 and 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.

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2020**

CONCLUSION

The results of our audit tests indicated that, in all significant respects, Palo Verde Community College District has properly accounted for the expenditures of the funds held in the Measure P General Obligation Bonds Building Fund and that such expenditures were made for authorized bond projects.

**PALO VERDE COMMUNITY COLLEGE DISTRICT
MEASURE P
GENERAL OBLIGATION BONDS BUILDING FUND**

**PROPOSITION 39 PERFORMANCE AUDIT
June 30, 2020**

SCHEDULE OF FINDINGS AND RESPONSES

There were no findings related to the performance audit for the year ended June 30, 2020.

AUDIT AGREEMENT

PALO VERDE COMMUNITY COLLEGE DISTRICT

THIS AGREEMENT, made and entered into in March, 2015 by and between Palo Verde Community College District, of Riverside County, State of California, hereinafter referred to as the "District", and Messner and Hadley, LLP, Certified Public Accountants, hereinafter referred to as the "Auditor".

WITNESSETH: That the parties have mutually covenanted and agreed, and by those present do covenant and agree with each other, as follows:

AUTHORITY

WHEREAS, the District, pursuant to Section 84040(b) of the California Education Code, hereby employs the Auditor to perform the necessary professional services, including but not limited to those hereinafter set forth in connection with an audit of all funds and of the books and accounts of the District.

COMPETENCE OF PARTIES

WHEREAS, it is the intention of the District, consisting of Palo Verde Community College District, to comply with the provisions of Section 84040 of the Education Code and provide for an audit of the books and records of the District, and

WHEREAS, Messner & Hadley, LLP are Certified Public Accountants duly authorized to practice and licensed as such by the State Board of Accountancy.

CONSIDERATION

THEREFORE, for and in consideration of the mutual covenants, conditions, and promises hereinafter contained, the District hereby employs the Auditor, and the Auditor hereby accepts employment, to audit all books and accounts of said Palo Verde Community College District in the following manner and upon the following conditions:

THE PERIOD to be audited shall be for the fiscal year beginning July 1, 2017 and ending June 30, 2018. Palo Verde Community College District has the option to renew the contract for the fiscal years July 1, 2018 and ending June 30, 2019; and July 1, 2019 and ending June 30, 2020.

AUDIT PROCEDURE AND SCOPE

THE AUDIT shall be performed in accordance with General Accounting Office standards for financial and compliance audits, in accordance with all applicable FASB and GASB requirements, and shall include to the extent applicable, the audit procedures required by:

The Chancellor's Office of the California Community Colleges:

- California Community Colleges Contracted District Audit Manual
- Student Attendance Accounting Manual
- California Community Colleges Budget and Accounting Manual
- Auxiliary Organizations, Requirements for Accounting, Reporting and Auditing
- Student Fee Handbook

The Publications Section of the Department of General Services:

- California Education Code, Title 5, California Code of Regulations

The U.S. General Accounting Office:

- Guidelines for Financial and Compliance Audits of Federally Assisted Programs

The U.S. Office of Management and Budget:

- Compliance Supplement for Single Audits of State and Local Governments and Non-Profit Organizations
- OMB Circulars A-21, A-110, A-133

The American Institute of Certified Public Accountants:

- AICPA Audit and Accounting Guide: Audits of State and Local Governments

AUDIT AGREEMENT - Page Two

The scope of the audit shall not be limited to that provided in the aforementioned publications in the event that, in the opinion of the Auditor, particular circumstances warrant extension thereof. THE AUDIT shall include all funds of Palo Verde Community College District including associated students, food service, and bookstore funds and accounts, and any other funds under the control or jurisdiction of the District. The examination shall include review of internal control systems and review of compliance with State and federal regulatory provisions.

IN CASES WHEREIN the Auditor can and does place reliance upon the work of a state agency, another individual accountant or firm of public accountants or certified public accountants, he shall state in his report the extent of such reliance and shall name the agency, accountant or accountants upon whose work he relies. Nothing in this paragraph shall be construed to limit the responsibility of the Auditor or to obligate him to accept or perform work that is not in compliance with the specifications of the engagement.

FORM AND CONTENT OF REPORT

FORM AND CONTENT of the audit report shall be in conformity to the extent practicable, with such form and content as prescribed by the Department of Finance under Section 84040.5 of the Education Code and OMB Circular A-133 with respect to federally assisted programs.

IN THE EVENT that circumstances disclosed by the audits indicate that more detailed verification is required in addition to that which would be sufficient under ordinary circumstances, it is agreed that such extended verification shall be completed at the "estimated average cost per hour including out-of-pocket costs" as indicated under Compensation in this agreement, with the hours required agreed upon by both parties prior to commencing the additional verification.

IN THAT EVENT, the Auditor agrees to provide all ascertainable facts relative to such circumstances, together with an estimate or estimates of the additional cost or costs of furnishing a more detailed verification. It is expressly understood that fees relating to such extensions of verification procedures are additional fees as the services relating thereto are not contemplated as being within the scope of services to be performed under this contract. In the event it is agreed not to employ extended procedures, then, and in that event, the audit report will be subject to qualification with respect to the circumstances involved.

BEGINNING WORK

THE AUDITOR shall commence work on this engagement as soon as practicable after the execution of this contract.

RENDERING REPORTS

THE AUDIT shall be completed, and the audit reports shall be delivered in the manner and to the parties hereinafter set forth, not later than December 15th of each fiscal year. Audit progress reports will be provided, as requested by the District.

COMPENSATION

SAID AUDITING SERVICES agreed to be done and performed by the Auditor shall be performed by the Auditor with the aid and assistance of such accountants and clerical employees as shall be employed and paid for by the Auditor.

The personal services performed by the Auditor will be billed at the following hourly rates:

Firm Partner	\$ 140
Managing Accountant	110
Senior Staff	72
Other	40

THE TOTAL AMOUNT which may be expended for the audit of each fiscal year pursuant to this contract shall not exceed:

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
District Audit	\$ 25,725	\$ 25,725	\$ 25,725
Foundation Audit and Tax Return	<u>3,675</u>	<u>3,675</u>	<u>3,675</u>
	<u>\$ 29,400</u>	<u>\$ 29,400</u>	<u>\$ 29,400</u>

TERMINATION

This agreement may be terminated by Palo Verde Community College District upon thirty (30) days written notice. Funds provided for commodities or services, under the terms of this Agreement, are contingent on availability of public funds. Should sufficient funds not be allocated during those terms, this Agreement may be modified or terminated by Palo Verde Community College District.

IT IS FURTHER AGREED that the aforesaid total sum of:

\$ <u>29,400</u>	for Fiscal Year 2017-2018
\$ <u>29,400</u>	for Fiscal Year 2018-2019
\$ <u>29,400</u>	for Fiscal Year 2019-2020

shall include any consultations on the audit report, or any revisions thereof of the furnishing of any additional data in connection therewith, as may be required by the Chancellor's Office of the State of California.

IT IS FURTHER AGREED that the Auditor shall, upon the request of the District, assist the District in making estimates of the audit costs for budget purposes, and upon the completion of the audit, render a statement in full of time and expense charges to the District.

FILING OF REPORTS

COPIES OF THE REPORT OF EXAMINATION herein required to be made shall be prepared by the Auditor for filing with each of the following offices and departments:

1. County Superintendent of Schools
2. Chancellor's Office – California Community Colleges
3. State Department of Education – Audits Investigation Division
4. Federal Audit Clearinghouse, Bureau of the Census

IN WITNESS WHEREOF, said parties to this agreement have executed these presents, and hereunto set their hands all on the day and year herein first above written.

PALO VERDE COMMUNITY COLLEGE DISTRICT

Date: _____

By: _____

Title: _____

MESSNER & HADLEY, LLP

Date: _____

By: Paul S. Messner

Title: Partner