

**LOS RIOS COMMUNITY  
COLLEGE DISTRICT  
PROPOSITION 39 AND MEASURES A AND M  
GENERAL OBLIGATION BONDS**

**Sacramento, California**

**PERFORMANCE AUDIT**

**June 30, 2009**

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Proposition 39 and Measures A and M  
General Obligation Bonds*

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Los Rios Community College District  
Sacramento, California

We have examined the Los Rios Community College District's (the District's) compliance with the performance requirements for the Proposition 39 and Measures A and M General Obligation Bonds for the fiscal year ended June 30, 2009. 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 standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, the Los Rios Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

*Matson and Isom*

November 12, 2009

## **PERFORMANCE AUDIT**

June 30, 2009

## *Los Rios Community College District Proposition 39 and Measures A and M General Obligation Bonds*

### **OBJECTIVES**

The objectives of our performance audit were to document the expenditures charged to the voter-approved Proposition 39 and Measures A and M General Obligation Bonds (the Measures); determine whether expenditures for fiscal year ended June 30, 2009, charged to the Bond Projects Funds, have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; and provide recommendations for improvements.

### **SCOPE OF THE AUDIT**

The scope of our performance audit covered the fiscal year ended June 30, 2009. Expenditures incurred after the issuance of the bonds and prior to July 1, 2008, were covered in a previous examination. The expenditures 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 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.

### **BACKGROUND INFORMATION**

On March 5, 2002, \$265,000,000 in general obligation bonds were authorized by an election held within the District. A Citizens Oversight Committee (the Committee) was appointed on April 17, 2002, to comply with the California Constitution and the Education Code. The purpose of the Committee is to inform the public, at least annually, regarding the appropriate use of the Bond proceeds. On August 1, 2002, the first series of Bonds in the amount of \$27,500,000 was issued. On April 1, 2004, the second series of Bonds in the amount of \$65,000,000 was issued. On July 11, 2006, the District issued a third series of Bonds in the amount of \$70,000,000. The total proceeds from each bond series less the bond issuance costs are to be used to finance the construction, acquisition, furnishing, and equipping of District facilities. California Constitution, Article 13A, Section 1(b)(3), requires an annual performance audit be conducted to ensure that the funds have been expended only on the specific projects publicized by the District.

In November 2008, voters approved Measure M, a \$475,000,000 general obligation bond authorization for the District. The proceeds, combined with anticipated State capital outlay funds, will provide new facilities to accommodate projected student growth as well as modernizing existing facilities and infrastructure. Preliminary planning has started and the District is advancing funds to cover these costs. During the year ended June 30, 2009, there were no Measure M bonds issued.

## **PERFORMANCE AUDIT**

June 30, 2009

## *Los Rios Community College District Proposition 39 and Measures A and M General Obligation Bonds*

### **PROCEDURES PERFORMED**

We obtained the Bond Projects Funds general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2009. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with Proposition 39 and Measures A and M General Obligation Bond funding. We performed the following procedures:

- We reviewed the list of projects being performed to verify that the list of intended projects is consistent with the Colleges' Facilities Projects Lists.
- We verified that the District created the required debt service fund and capital outlay fund in order to account for the bond proceeds and expenditures.
- We verified that the proceeds from the sale of bonds were deposited in an appropriate debt service fund and a capital outlay projects fund.
- We determined that a citizen's oversight committee is fulfilling its duties as outlined in the Citizen's Bond Oversight Committee Bylaws.
- We selected a sample of expenditures in the fiscal year ended June 30, 2009, and reviewed supporting documentation to ensure that funds were properly expended on the specific projects outlined on the publicized list and met the requirements for bidding, if applicable.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We verified that funds were used for the construction, acquisition, furnishing, and equipping of District facilities, and we verified that funding was not used for salaries of school administrators or other operating expenses of the District.

**PERFORMANCE AUDIT**

June 30, 2009

*Los Rios Community College District  
Proposition 39 and Measures A and M  
General Obligation Bonds***RESULTS OF PROCEDURES**

The District utilized Measure A Bond funds for 48 projects. The District incurred total expenditures of \$160,639,851 through June 30, 2009, for the following Measure A projects:

	Prior Expenditures	June 30, 2009 Expenditures	Total Expenditures	June 30, 2009 Budget	Status
<b>American River College</b>					
Allied Health modernization project	\$ 2,383,862	\$ -	\$ 2,383,862	\$ 2,383,862	Completed
Fine arts expansion	628,652	4,694,112	5,322,764	7,290,800	In Progress
Fine arts modernization and expansion	6,991,879	170,488	7,162,367	7,642,157	Completed
Learning Resource Center expansion	450,091	-	450,091	450,091	Completed
Library expansion	305,210	886,350	1,191,560	3,404,000	In Progress
Natomas Center site expansion	8,152,049	-	8,152,049	8,152,049	Completed
Physical education addition, phases 1 and 2	9,243,043	22,407	9,265,450	9,265,450	Completed
Physical education expansion - swimming pool	883,037	1,205,143	2,088,180	2,100,000	Completed
Temporary portables and swing space	1,412,016	-	1,412,016	1,412,017	Completed
Transportation access and parking, gym circulation and parking	239,114	5,657	244,771	244,771	Completed
<b>Cosumnes River College</b>					
Bookstore and cafeteria expansion, phase 1	1,126,541	-	1,126,541	1,126,542	Completed
Bookstore and cafeteria expansion, phase 2	3,600	294,573	298,173	5,451,000	In Progress
Community and athletic center, phase 2	821,107	877,937	1,699,044	1,811,000	Completed
Elk Grove Center site acquisition	3,116,997	-	3,116,997	3,116,997	Completed
Elk Grove Center site #2	-	2,688,836	2,688,836	12,929,500	In Progress
Monument signs	87,251	-	87,251	87,251	Completed
New instructional and library building	6,706,479	(4,621)	6,701,858	6,701,858	Completed
Police and printing building modernization	1,882,801	3,825	1,886,626	1,886,626	Completed
Science building expansion	490,821	2,983,435	3,474,256	6,425,500	In Progress
Science building modernization	2,903,460	382,850	3,286,310	4,243,675	In Progress
Temporary portables and swing space	584,770	5,095	589,865	595,327	Completed
Temporary portables and swing space - cafeteria expansion	-	-	-	200,000	Not Started
Transportation access and parking	1,624,251	93,953	1,718,204	4,863,251	In Progress
<b>Folsom Lake College</b>					
Bookstore addition	61,774	286,495	348,269	6,477,000	In Progress
El Dorado Center new instructional and library space	766,723	-	766,723	766,722	Completed
El Dorado Center parking lot expansion	660,197	-	660,197	660,197	Completed
Fine and performing arts building	2,289,970	15,877,815	18,167,785	27,618,000	In Progress
Monument signs	81,632	3,154	84,786	84,786	Completed
New bookstore and cafeteria	6,851,899	-	6,851,899	6,851,899	Completed
New instruction facilities 1C	16,162,315	52,858	16,215,173	16,223,248	Completed
New physical education building	1,704,307	1,232,628	2,936,935	2,982,896	Completed
Rancho Cordova center	113,894	(14,135)	99,759	11,965,000	In Progress
Transportation access and parking 1B	1,497,595	-	1,497,595	1,497,595	Completed
<b>Sacramento City College</b>					
Cafeteria modernization	1,500,000	-	1,500,000	1,500,000	Completed
Cosmetology and graphics modernization	1,920,286	-	1,920,286	1,920,285	Completed
Davis center	42,033	433,775	475,808	9,141,000	In Progress
Fine arts modernization	365,967	1,089,922	1,455,889	2,726,000	In Progress
Monument signs	88,772	-	88,772	88,772	Completed
North gym modernization	2,168,332	2,049,506	4,217,838	4,225,772	Completed
Performing arts center	122,767	873,745	996,512	4,576,000	In Progress
Technology building modernization	2,363,678	-	2,363,678	2,363,679	Completed
Temporary portables and swing space	957,534	1,200	958,734	958,734	Completed
Transportation access and parking	19,462,753	510,187	19,972,940	20,190,295	Completed
West Sacramento Center and parking lot	2,607,386	4,815,955	7,423,341	7,863,343	In Progress
<b>District Office</b>					
Board room remodel	705,581	-	705,581	705,581	Completed
Facilities management relocation	5,023,099	-	5,023,099	5,023,099	Completed
Water tower addition	1,096,681	-	1,096,681	1,096,681	Completed
Water tower purchase	464,500	-	464,500	464,500	Completed
<b>Total</b>	<b>\$ 119,116,706</b>	<b>\$ 41,523,145</b>	<b>\$ 160,639,851</b>	<b>\$ 229,754,808</b>	

**PERFORMANCE AUDIT**

June 30, 2009

*Los Rios Community College District  
Proposition 39 and Measures A and M  
General Obligation Bonds*

The District utilized Measure M Bond funds for 4 projects. The District incurred total expenditures of \$279,958 through June 30, 2009, for the following Measure M projects:

	<u>Prior Expenditures</u>	<u>June 30, 2009 Expenditures</u>	<u>Total Expenditures</u>	<u>June 30, 2009 Budget</u>	<u>Status</u>
<b>American River College</b>					
Student center modernization and expansion	\$ -	\$ 61,495	\$ 61,495	\$ 23,910,000	In Progress
Parking structure (master plan)	-	92,122	92,122	260,000	In Progress
<b>Folsom Lake College</b>					
PE/Athletic field construction	-	98,115	98,115	17,668,000	In Progress
<b>Sacramento City College</b>					
Hughes Stadium modernization	-	28,226	28,226	12,528,000	In Progress
<b>Total</b>	<u>\$ -</u>	<u>\$ 279,958</u>	<u>\$ 279,958</u>	<u>\$ 54,366,000</u>	

Each of the projects under Measures A and M has been given a specific project identification number within the District’s Bond Projects Fund. Budgets for each project are included in the financial reporting system and actual expenditures are matched against this budget.

**CONCLUSION**

Based upon the procedures performed, we found that for the items tested, the Los Rios Community College District has properly accounted for the expenditures of the Proposition 39 and Measure A General Obligation Bonds. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. Our audit does not provide a legal determination on the District’s compliance with specific requirements.

**MANAGEMENT COMMENTS AND RECOMMENDATIONS**

None.