

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

SACRAMENTO, CALIFORNIA

PERFORMANCE AUDIT

YEAR ENDED JUNE 30, 2010

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

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JUNE 30, 2010**

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Gilbert Associates, Inc.
CPAs and Advisors

INDEPENDENT AUDITOR'S 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 year ended June 30, 2010. 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, 2010.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

November 19, 2010

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

PERFORMANCE AUDIT JUNE 30, 2010

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to Measures A and M General Obligation Bonds (the Measures) which were approved under Proposition 39; determine whether expenditures for fiscal year ended June 30, 2010 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, 2010. Expenditures incurred after the issuance of the bonds and prior to July 1, 2009, 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, 2010 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 voters approval of Measure A. 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. The first series of Bonds in the amount of \$27,500,000 was issued on August 1, 2002. The second series of Bonds in the amount of \$65,000,000 was issued on April 1, 2004. The third series of Bonds in the amount of \$70,000,000 was issued on July 11, 2006. The fourth series of Bonds in the amount of \$55,000,000 was issued on August 4, 2009. 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 advanced funds to cover these costs. During the year ended June 30, 2010, there were no Measure M bonds issued.

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

PERFORMANCE AUDIT JUNE 30, 2010

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, 2010. 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 Citizens' Bond Oversight Committee Bylaws.
- We selected a sample of expenditures in the fiscal year ended June 30, 2010, 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.

RESULTS OF PROCEDURES PERFORMED

The District utilized Measure A Bond funds for 50 projects. The District incurred total expenditures of \$182,978,078 through June 30, 2010, for the Measure A projects listed on the following page.

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

PERFORMANCE AUDIT JUNE 30, 2010

	Prior Expenditures	June 30, 2010 Expenditures	Total Expenditures	June 30, 2010 Budget	Status
American River College					
Allied Health modernization project	\$ 2,383,862	\$ -	\$ 2,383,862	\$ 2,383,860	Completed
Fine arts expansion	5,322,764	(882,087)	4,440,677	5,119,361	In Progress
Fine arts modernization and expansion	7,162,367	385,448	7,547,815	7,642,156	Completed
Learning Resource Center expansion	450,091	-	450,091	450,092	Completed
Library expansion	1,191,560	2,387,696	3,579,256	3,894,010	Completed
Natomas Center site expansion	8,152,049	-	8,152,049	8,152,052	Completed
Physical education addition, phases 1 and 2	9,265,450	-	9,265,450	9,265,449	Completed
Physical education expansion - swimming pool	2,088,180	-	2,088,180	2,088,180	Completed
Temporary portables and swing space	1,412,016	-	1,412,016	1,412,016	Completed
Transportation access and parking, gym circulation and parking	244,771	-	244,771	244,771	Completed
Life science and fine arts portables	-	127,852	127,852	1,468,000	In Progress
Cosumnes River College					
Bookstore and cafeteria expansion, phase 1	1,126,541	-	1,126,541	1,126,542	Completed
Bookstore and cafeteria expansion, phase 2	298,173	1,112,229	1,410,402	4,217,000	In Progress
Community and athletic center, phase 2	1,699,044	78,507	1,777,551	1,777,551	Completed
Elk Grove Center site acquisition	3,116,997	-	3,116,997	3,116,997	Completed
Elk Grove Center phase 1	2,688,836	158,201	2,847,037	12,929,500	In Progress
Monument signs	87,251	-	87,251	87,251	Completed
New instructional and library building	6,701,858	-	6,701,858	6,701,858	Completed
Police and printing building modernization	1,886,626	-	1,886,626	1,886,627	Completed
Science building expansion	3,474,256	1,016,964	4,491,220	6,425,502	In Progress
Science building modernization	3,286,310	540,086	3,826,396	4,243,674	In Progress
Temporary portables and swing space	589,865	1,900	591,765	591,765	Completed
Temporary portables and swing space - cafeteria expansion	-	184,031	184,031	184,032	Completed
Transportation access and parking	1,718,204	1,824,525	3,542,729	3,588,505	Completed
Northeast building modernization	-	387,406	387,406	5,622,000	In Progress
Folsom Lake College					
Bookstore addition	348,269	1,165,215	1,513,484	5,259,000	In Progress
EI Dorado Center new instructional and library space	766,723	-	766,723	766,722	Completed
EI Dorado Center parking lot expansion	660,197	-	660,197	660,197	Completed
Fine and performing arts building	18,167,785	9,413,432	27,581,217	27,618,001	In Progress
Monument signs	84,786	-	84,786	84,785	Completed
New bookstore and cafeteria	6,851,899	-	6,851,899	6,851,900	Completed
New instruction facilities 1C	16,215,173	-	16,215,173	16,215,172	Completed
New physical education building	2,936,935	(32,778)	2,904,157	2,904,154	Completed
Rancho Cordova center	99,759	222,573	322,332	11,965,000	In Progress
Transportation access and parking 1B	1,497,595	-	1,497,595	1,497,595	Completed
Sacramento City College					
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	475,808	3,271,008	3,746,816	12,416,000	In Progress
Fine arts modernization	1,455,889	566,909	2,022,798	2,726,000	In Progress
Monument signs	88,772	-	88,772	88,772	Completed
North gym modernization	4,217,838	6,602	4,224,440	4,224,442	Completed
Performing arts center	996,512	67,788	1,064,300	4,576,000	In Progress
Technology building modernization	2,363,678	-	2,363,678	2,363,677	Completed
Temporary portables and swing space	958,734	-	958,734	958,732	Completed
Transportation access and parking	19,972,940	22,415	19,995,355	20,190,293	Completed
West Sacramento Center and parking lot	7,423,341	312,305	7,735,646	7,991,994	Completed
District Office					
Board room remodel	705,581	-	705,581	705,580	Completed
Facilities management relocation	5,023,099	-	5,023,099	5,023,100	Completed
Water tower addition	1,096,681	-	1,096,681	1,096,681	Completed
Water tower purchase	464,500	-	464,500	464,500	Completed
Total	\$ 160,639,851	\$ 22,338,227	\$ 182,978,078	\$ 234,687,333	

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The District utilized Measure M Bond funds for 11 projects. The District incurred total expenditures of \$3,614,765 through June 30, 2010, for the following Measure M projects:

	Prior Expenditures	June 30, 2010 Expenditures	Total Expenditures	June 30, 2010 Budget	Status
American River College					
Student center modernization and expansion	\$ 61,495	\$ 1,334,415	\$ 1,395,910	\$ 26,226,000	In Progress
Parking structure (master plan)	92,122	146,594	238,716	275,000	In Progress
Infrastructure improvement	-	34,204	34,204	1,114,000	In Progress
Student center infrastructure	-	-	-	459,000	In Progress
Cosumnes River College					
PE/Athletic/TAP	-	440,534	440,534	10,985,000	In Progress
Architecture/Construction instructional building	-	97,902	97,902	14,663,000	In Progress
Infrastructure improvement	-	4,989	4,989	652,000	In Progress
Folsom Lake College					
PE/Athletic field construction	98,115	700,688	798,803	19,535,000	In Progress
Sacramento City College					
Hughes Stadium modernization	28,226	569,520	597,746	13,781,000	In Progress
Infrastructure improvement	-	2,911	2,911	666,000	In Progress
District Office					
Infrastructure improvement	-	3,050	3,050	692,000	In Progress
Total	<u>\$ 279,958</u>	<u>\$ 3,334,807</u>	<u>\$ 3,614,765</u>	<u>\$ 89,048,000</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 Measure A and M 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.