

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

**SACRAMENTO, CALIFORNIA**

**PERFORMANCE AUDIT**

**YEAR ENDED JUNE 30, 2011**

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

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JUNE 30, 2011**

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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, 2011. 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, 2011.

This report is intended solely for the information and use of the Citizens' Oversight Committee, Board of Trustees, management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

*Gilbert Associates, Inc.*

**GILBERT ASSOCIATES, INC.**  
**Sacramento, California**

**October 27, 2011**

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

## **PERFORMANCE AUDIT JUNE 30, 2011**

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### **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, 2011 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, 2011. Expenditures incurred after the issuance of the bonds and prior to July 1, 2010, 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, 2011 were not reviewed or included within the scope of our audit.

### **BACKGROUND INFORMATION**

On March 5, 2002, voters approved Measure A, a \$265,000,000 general obligation bond authorization for the District. 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. 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 25, 2006. The fourth series of bonds in the amount of \$55,000,000 was issued on August 4, 2009. The 2010 Refunding Bonds were issued on October 7, 2010 for \$21,025,000, which fully refunded the outstanding bonds issued on August 1, 2002.

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. The first series of bonds in the amount of \$130,000,000 was issued on October 19, 2010.

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. California Constitution, Article 13A, Section 1(b)(3), requires an annual performance audit to ensure that the funds have been expended only on the specific projects publicized by the District.

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

## PERFORMANCE AUDIT JUNE 30, 2011

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### 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, 2011. 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, 2011, 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 net expenditures of \$17,001,604 during the fiscal year ended June 30, 2011, 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, 2011

Measure A Projects	Prior Expenditures	June 30, 2011 Expenditures	Total Expenditures	June 30, 2011 Budget	Status
<b>American River College</b>					
Allied Health modernization project	\$ 2,383,862	\$ -	\$ 2,383,862	\$ 2,383,862	Completed
Fine arts expansion	4,440,677	374,312	4,814,989	5,098,619	Completed
Fine arts modernization and expansion	7,547,815	11,002	7,558,817	7,558,817	Completed
Learning Resource Center expansion	450,091	-	450,091	450,093	Completed
Library expansion	3,579,256	307,031	3,886,287	3,886,286	Completed
Natomas Center site expansion	8,152,049	-	8,152,049	8,152,050	Completed
Physical education addition, phases 1 and 2	9,265,450	-	9,265,450	9,265,451	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	1,412,017	Completed
Transportation access and parking, gym circulation and parking	244,771	-	244,771	244,771	Completed
Life science and fine arts portables	127,852	249,750	377,602	1,468,000	In Progress
<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	1,410,402	2,718,244	4,128,646	4,317,000	In Progress
Community and athletic center, phase 2	1,777,551	-	1,777,551	1,777,552	Completed
Elk Grove Center site acquisition	3,116,997	(3,116,997)	-	-	Removed
Elk Grove Center phase 1	2,847,037	697,050	3,544,087	12,939,500	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	1,886,626	Completed
Science building expansion	4,491,220	995,355	5,486,575	5,741,714	Completed
Science building modernization	3,826,396	411,764	4,238,160	4,240,628	Completed
Temporary portables and swing space	591,765	(3,195)	588,570	588,570	Completed
Temporary portables and swing space - cafeteria expansion	184,031	0	184,031	184,032	Completed
Transportation access and parking	3,542,729	12,500	3,555,229	3,584,658	Completed
Northeast building modernization	387,406	241,650	629,056	5,622,000	In Progress
<b>Folsom Lake College</b>					
Bookstore addition	1,513,484	2,874,145	4,387,629	5,259,000	In Progress
EI Dorado Center new instructional and library space	766,723	-	766,723	766,723	Completed
EI Dorado Center parking lot expansion	660,197	-	660,197	660,197	Completed
Fine and performing arts building	27,581,217	507,589	28,088,806	28,111,325	Completed
Monument signs	84,786	-	84,786	84,786	Completed
New bookstore and cafeteria	6,851,899	-	6,851,899	6,851,901	Completed
New instruction facilities 1C	16,215,173	-	16,215,173	16,215,173	Completed
New physical education building	2,904,157	4,779	2,908,936	2,908,936	Completed
Rancho Cordova center	322,332	416,350	738,682	11,965,000	In Progress
Transportation access and parking 1B	1,497,595	-	1,497,595	1,497,595	Completed
VAPA Marquee Sign	-	199,125	199,125	250,000	In Progress
<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	1,920,286	Completed
Davis center	3,746,816	5,434,708	9,181,524	12,416,000	In Progress
Fine arts modernization	2,022,798	68,760	2,091,558	2,145,427	Completed
Monument signs	88,772	-	88,772	88,772	Completed
North gym modernization	4,224,440	-	4,224,440	4,224,442	Completed
Performing arts center	1,064,300	624,196	1,688,496	4,576,000	In Progress
Technology building modernization	2,363,678	-	2,363,678	2,363,678	Completed
Temporary portables and swing space	958,734	-	958,734	958,737	Completed
Transportation access and parking	19,995,355	175,051	20,170,406	20,172,683	Completed
West Sacramento Center and parking lot	7,735,646	3,798,434	11,534,080	11,599,004	Completed
<b>District Office</b>					
Board room remodel	705,581	-	705,581	705,581	Completed
Facilities management relocation	5,023,099	-	5,023,099	5,023,100	Completed
Water tower addition	1,096,681	-	1,096,681	1,096,681	Completed
Water tower purchase	464,500	-	464,500	464,500	Completed
<b>Total</b>	<b>\$ 182,978,078</b>	<b>\$ 17,001,604</b>	<b>\$ 199,979,682</b>	<b>\$ 234,631,604</b>	

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

## PERFORMANCE AUDIT JUNE 30, 2011

The District utilized Measure M Bond funds for 16 projects. The District incurred total expenditures of \$4,863,543 during the fiscal year ended June 30, 2011, for the following Measure M projects:

Measure M Projects	Prior Expenditures	June 30, 2011 Expenditures	Total Expenditures	June 30, 2011 Budget	Status
<b>American River College</b>					
Student center modernization and expansion	\$ 1,395,910	\$ 403,034	\$ 1,798,944	\$ 26,226,000	In Progress
Parking structure (master plan)	238,716	31,750	270,466	275,000	In Progress
Infrastructure improvement	34,204	54,869	89,073	324,000	In Progress
Student center infrastructure	-	36,825	36,825	459,000	In Progress
New Parking Structure	-	121,223	121,223	32,227,000	In Progress
Life Science Portable Infrastructre	-	12,345	12,345	374,000	In Progress
<b>Cosumnes River College</b>					
PE/Athletic/TAP	440,534	423,399	863,933	12,985,000	In Progress
Architecture/Construction instructional building	97,902	1,015,554	1,113,456	14,663,000	In Progress
Infrastructure improvement	4,989	97,782	102,771	235,500	In Progress
Infrastructure-Water Line	-	184,963	184,963	658,000	In Progress
Elk Grove Center Off-site Improvements	-	1,500	1,500	2,036,115	In Progress
<b>Folsom Lake College</b>					
PE/Athletic field construction	798,803	390,183	1,188,986	19,535,000	In Progress
<b>Sacramento City College</b>					
Hughes Stadium modernization	597,746	1,987,604	2,585,350	13,781,000	In Progress
Infrastructure improvement	2,911	84,940	87,851	238,500	In Progress
<b>District Office</b>					
Infrastructure improvement	3,050	7,425	10,475	70,000	In Progress
Ethan Way Economic Development Facility	-	10,147	10,147	250,000	In Progress
<b>Total</b>	<u>\$ 3,614,765</u>	<u>\$ 4,863,543</u>	<u>\$ 8,478,308</u>	<u>\$ 124,337,115</u>	

Each of the projects under Measures A and M has been given a specific project identification number within the District's applicable 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.