

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

SACRAMENTO, CALIFORNIA

PERFORMANCE AUDIT

YEAR ENDED JUNE 30, 2012

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

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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, 2012. 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, 2012.

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

November 19, 2012

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

PERFORMANCE AUDIT JUNE 30, 2012

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, 2012 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, 2012. Expenditures incurred after the issuance of the bonds and prior to July 1, 2011, 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, 2012 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. The 2011 Refunding Bonds were issued on October 20, 2011 for \$40,195,000 and the 2012 Refunding Bonds were issued on March 28, 2012 for \$62,920,000, which refunded all but \$2,175,000 of the outstanding bonds issued on April 1, 2004. The 2012 Refunding Bonds also refunded all but \$6,560,000 of the outstanding bonds issued on July 25, 2006.

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

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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, 2012. 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 required by Education Code 15278 and as outlined in the Citizens' Bond Oversight Committee Bylaws.
- We selected a sample of expenditures in the fiscal year ended June 30, 2012, 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.

RESULT OF PROCEDURES PERFORMED

The District utilized Measure A Bond funds for 51 projects. The District incurred net expenditures of \$11,733,886 during the fiscal year ended June 30, 2012, 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

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Measure A Projects	Prior Expenditures	June 30, 2012 Expenditures	Total Expenditures	June 30, 2012 Budget	Status
American River College					
Allied health modernization project	\$ 2,383,862	\$ -	\$ 2,383,862	\$ 2,383,862	Completed
Fine arts expansion	4,814,989	240,948	5,055,937	5,055,937	Completed
Fine arts modernization and expansion	7,558,817	-	7,558,817	7,558,817	Completed
Learning resource center expansion	450,091	-	450,091	450,091	Completed
Library expansion	3,886,287	-	3,886,287	3,886,287	Completed
Natomas center site expansion	8,152,049	-	8,152,049	8,152,049	Completed
Physical education addition, phases 1 and 2	9,265,450	-	9,265,450	9,265,450	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	377,602	205,032	582,634	1,468,000	In Progress
Cosumnes River College					
Bookstore and cafeteria expansion, phase 1	1,126,541	-	1,126,541	1,126,541	Completed
Bookstore and cafeteria expansion, phase 2	4,128,646	161,061	4,289,707	4,289,707	Completed
Community and athletic center, phase 2	1,777,551	-	1,777,551	1,777,551	Completed
Elk Grove center phase 1	3,544,087	3,475,683	7,019,770	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	5,486,575	85,940	5,572,515	5,645,730	Completed
Science building modernization	4,238,160	2,290	4,240,450	4,240,450	Completed
Temporary portables and swing space	588,570	-	588,570	588,570	Completed
Temporary portables and swing space - cafeteria expansion	184,031	-	184,031	184,031	Completed
Transportation access and parking	3,555,229	-	3,555,229	3,584,658	Completed
Northeast building modernization	629,056	2,399,398	3,028,454	4,788,000	In Progress
Folsom Lake College					
Bookstore addition	4,387,629	654,043	5,041,672	5,100,427	Completed
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	28,088,806	22,522	28,111,328	28,111,328	Completed
Monument signs	84,786	-	84,786	84,786	Completed
New bookstore and cafeteria	6,851,899	-	6,851,899	6,851,899	Completed
New instruction facilities 1C	16,215,173	-	16,215,173	16,215,173	Completed
New physical education building	2,908,936	-	2,908,936	2,908,936	Completed
Rancho Cordova center	738,682	40,084	778,766	13,326,259	In Progress
Transportation access and parking 1B	1,497,595	-	1,497,595	1,497,595	Completed
VAPA marquee sign	199,125	50,875	250,000	250,000	Completed
Physical education building addition	-	553,044	553,044	15,909,880	In Progress
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	1,920,286	Completed
Davis center	9,181,524	2,478,405	11,659,929	12,098,853	Completed
Fine arts modernization	2,091,558	24,564	2,116,122	2,116,122	Completed
Monument signs	88,772	-	88,772	88,772	Completed
North gym modernization	4,224,440	-	4,224,440	4,224,440	Completed
Performing arts center	1,688,496	1,339,304	3,027,800	3,761,892	Completed
Technology building modernization	2,363,678	-	2,363,678	2,363,678	Completed
Temporary portables and swing space	958,734	-	958,734	958,734	Completed
Transportation access and parking	20,170,406	-	20,170,406	20,170,406	Completed
West Sacramento center and parking lot	11,534,080	693	11,534,773	11,599,004	Completed
District Office					
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
Total	\$ 199,979,681	\$ 11,733,886	\$ 211,713,567	\$ 249,581,184	

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The District utilized Measure M Bond funds for 25 projects. The District incurred total expenditures of \$43,322,827 during the fiscal year ended June 30, 2012, for the following Measure M projects:

Measure M Projects	Prior Expenditures	June 30, 2012 Expenditures	Total Expenditures	June 30, 2012 Budget	Status
American River College					
Student center modernization and expansion	\$ 1,798,944	\$ 9,024,599	\$ 10,823,543	\$ 23,529,825	In Progress
Parking structure (master plan)	270,466	-	270,466	270,466	Completed
Infrastructure improvement	89,073	136,995	226,068	324,000	In Progress
Student center infrastructure	36,825	-	36,825	417,000	In Progress
New parking structure	121,223	9,073,088	9,194,311	29,542,466	In Progress
Life science portable infrastructure	12,345	-	12,345	264,345	In Progress
Infrastructure projects	-	15,750	15,750	407,184	In Progress
Culinary arts building	-	378,388	378,388	8,952,943	In Progress
Cosumnes River College					
PE/athletic/TAP	863,933	5,662,744	6,526,677	12,985,000	In Progress
Architecture/Construction instructional building	1,113,456	2,216,326	3,329,782	13,487,037	In Progress
Infrastructure improvement	102,771	81,638	184,409	235,500	In Progress
Infrastructure-water line	184,963	218,386	403,349	403,349	In Progress
Elk Grove center off-site improvements	1,500	179,476	180,976	3,336,283	In Progress
Infrastructure projects	-	372,000	372,000	372,000	In Progress
Art gallery space	-	55,747	55,747	1,981,796	In Progress
Folsom Lake College					
PE/athletic field construction	1,188,986	5,697,715	6,886,701	18,668,000	In Progress
Rancho Cordova center off-site improvements	-	62,244	62,244	2,496,616	In Progress
Bookstore/cafeteria expansion	-	96,802	96,802	2,244,334	In Progress
Sacramento City College					
Hughes stadium modernization	2,585,350	6,363,698	8,949,048	12,742,300	In Progress
Infrastructure improvement	87,851	73,252	161,103	238,500	In Progress
Transportation access and parking	-	362,698	362,698	1,488,268	In Progress
Student services modernization and expansion	-	399,394	399,394	10,942,176	In Progress
District Office					
Infrastructure improvement	10,475	475	10,950	70,000	In Progress
Ethan way economic development facility upgrade	10,147	314,724	324,871	326,747	Completed
Economic development facility	-	2,536,688	2,536,688	2,540,400	In Progress
Total	\$ 8,478,308	\$ 43,322,827	\$ 51,801,135	\$ 148,266,535	

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.

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

**PERFORMANCE AUDIT
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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.