

**REDWOODS COMMUNITY
COLLEGE DISTRICT
PROPOSITION 39 AND MEASURE Q
GENERAL OBLIGATION BONDS**

Eureka, California

PERFORMANCE AUDIT

June 30, 2005

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Proposition 39 and Measure Q
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Redwoods Community College District
Eureka, California

We have examined the Redwoods Community College District's (the District's) compliance with the performance requirements for the Proposition 39 and Measure Q General Obligation Bonds for the fiscal year ended June 30, 2005. 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 specific requirements.

In our opinion, the Redwoods Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2005.

Matson and Isom

November 4, 2005

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OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the voter approved Proposition 39 and Measure Q General Obligation Bonds (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2005, charged to the Bond Projects Fund, 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, 2005. 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, 2005, were not reviewed, or included within the scope of our audit.

BACKGROUND INFORMATION

On November 2, 2004, \$40.3 million in general obligation bonds were authorized by an election held within the Redwoods Community College District. A Citizens Oversight Committee (the Committee) was appointed on March 1, 2005, 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 May 5, 2005, a series of Bonds in the amount of \$18,000,000 were issued. The total proceeds from the Bond issuance were received by the District (less the original bond issuance costs) and are to be used to finance the construction, acquisition, furnishing, and equipping of the District facilities. California Constitution, Article 13A, Section 1(b)(3) requires an annual performance audit be conducted to ensure that funds have been expended only on the specific projects publicized by the District.

PROCEDURES PERFORMED

We obtained the Bond Projects Fund general ledger and the project expenditure summary reports and other detail prepared by the District for the fiscal year ended June 30, 2005. 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 Measure Q General Obligation Bond funding. We performed the following procedures:

- 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 determined that a citizen's oversight committee has been appointed.

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- We reviewed the Campus Master Plan Bond Project publicized list of intended projects.
- We selected a sample of expenditures in the fiscal year ended June 30, 2005, 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 generally used for the construction, acquisition, furnishing, and equipping of the 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

The District utilized Bond funds for 18 projects. The District incurred total expenditures of \$1,118,220 through June 30, 2005, for the following projects:

	June 30, 2005	Total	Budget
	Expenditures	Expenditures	
Modernization of health/technology building	\$ 26,247	\$ 26,247	\$ 7,984,516
Modernization of physical science building	6,247	6,247	7,835,115
Modernization of main building - Mendocino	17,681	17,681	6,489,790
Modernization of main/art building - Del Norte	19,110	19,110	5,533,861
Modernization of labs, classrooms and theater	1,050	1,050	622,163
Modernization of student services/administration building	4,689	4,689	3,305,250
New woodworking building - Mendocino	1,698	1,698	2,000
Learning resource center - mezzanine structure	24,627	24,627	234,312
Library building seismic upgrade and remodel	4,093	4,093	2,308,587
Engineering for modernization projects	131,851	131,851	590,345
Repair pool/locker rooms	396,594	396,594	888,000
Gym floor/bleachers replacement	197,271	197,271	716,000
Renovate/repair buildings - Eureka	1,180	1,180	15,000
Renovate/repair buildings - Mendocino	4,186	4,186	5,000
Culinary kitchen	176,433	176,433	177,000
Relocated classrooms - Del Norte	26,152	26,152	30,000
Modernization of life science building	5,767	5,767	4,888,348
Firing range	1,207	1,207	40,520
Election costs and project management	72,137	72,137	356,000
Total	\$ 1,118,220	\$ 1,118,220	\$ 42,021,807

Each of the projects 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.

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CONCLUSION

Based upon the procedures performed, we found that for the items tested, the Redwoods Community College District has properly accounted for the expenditures of the Measure Q 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.

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MANAGEMENT COMMENTS AND RECOMMENDATIONS

None.