

REDWOODS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION OF 2004, SERIES 2005 AND 2007)  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Redwoods Community College District  
Eureka, California

We have audited the accompanying schedule of proceeds and use of general obligation bonds (Election of 2004, Series 2005 and 2007) of the Redwoods Community College District (District) for the period from July 1, 2008 through June 30, 2009. This schedule is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and uses of general obligation bonds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule of proceeds and uses of general obligation bonds. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and uses of general obligation bonds. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the schedule of proceeds and use of general obligation bonds was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of proceeds and use of general obligation bonds referred to in the first paragraph presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election of 2004, Series 2005 and 2007) for the period from July 1, 2008 through June 30, 2009, on the basis of accounting described in Note 2.

*Nystrom & Company LLP*

December 30, 2009

REDWOODS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS  
 (ELECTION OF 2004, SERIES 2005 AND 2007)  
 FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

Beginning balance, unspent bond proceeds, as of July 1, 2008	<u>\$ 19,365,749</u>
Interest received	<u>659,183</u>
Project expenditures:	
Student Union Building	(397,427)
Student Services/Admin. Building	(135,178)
Academic Building	(348,803)
Site improvements	(1,509,437)
Modernize Health/Technology Building	(1,458,447)
Modernize Main/Art Building (DN)	(16,953)
Modernize Main Building (MC)	(31,790)
Modernize/Retro/New Construction	(6,202)
Furnishing and equipment	<u>(4,489)</u>
Total project expenditures	<u>(3,908,726)</u>
Ending balance, unspent bond proceeds, as of June 30, 2009	<u><u>\$ 16,116,206</u></u>

The accompanying notes are an integral  
 part of these financial statements.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO THE SCHEDULE OF PROCEEDS  
AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION 2004, SERIES 2005 AND 2007)

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 1 GENERAL INFORMATION

To strengthen local job and vocational training programs, and increase academic classes for students with 2-year and 4-year college goals, the voters of Humboldt County approved a \$40,320,000 General Obligation Bond (Bonds) issue for the Redwoods Community College District (District) on November 2, 2004 under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1 of the Education Code of the State of California (commencing at Section 15100). The Bonds were issued pursuant to provisions of the Constitution of the State of California affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. The total net proceeds of \$18 million and \$15 million, from the Bonds Series 2005 and 2007, respectively, received by the District are to be spent on construction, renovation and land acquisition for various approved projects, or for the reduction of debt service related to this debt.

The specific projects approved by the District Board of Trustees to be funded by the bond proceeds include:

- I. Expand and renovate the Health Occupation Career Training Center by expanding classrooms, labs and other facilities needed for the training of dental hygienists
- II. Renovate and add science and technology labs used for career training, including police and fire science, and for students whose goal it is to transfer to a 4-year university
- III. Expand and renovate career training facilities in the Construction Trades industry
- IV. Build, relocate, and renovate career training facilities in the Fine Woodworking industry
- V. Expand and renovate career training facilities in the Automotive industry
- VI. Develop modern career training facilities in tourism and hospitality industries

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REDWOODS COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SCHEDULE OF PROCEEDS  
AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION 2004, SERIES 2005 AND 2007)  
FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 1      GENERAL INFORMATION  
(Continued)

- VII. Upgrade and renovate computer labs used for career training
- VIII. Add classrooms to allow for more students to take the classes they need to transfer to a 4-year university
- IX. Make seismic, safety and American with Disabilities Act upgrades and improvements
- X. Renovate and repair college buildings
- XI. Add hi-tech infrastructure to increase the number of Distance Learning students

NOTE 2      SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenditures from bond funds are reported when paid.

BOND PROCEEDS

Bond proceeds are recorded at face value with bond premiums and issuance costs shown as separate items.

PROJECT EXPENDITURES

Expenditures are recognized when payments for approved projects are made.

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REDWOODS COMMUNITY COLLEGE DISTRICT  
NOTES TO THE SCHEDULE OF PROCEEDS  
AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION 2004, SERIES 2005 AND 2007)  
FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2008

NOTE 3 BONDED DEBT

The information presented below is for informational purposes only.

	<u>Bonds</u> <u>July 1, 2008</u>	<u>Accretion/</u> <u>Additions</u>	<u>Amortization/</u> <u>Reductions</u>	<u>Bonds</u> <u>June 30, 2009</u>
2004 G.O. Bond, Series 2005 \$	17,639,102	\$ -	\$ 508,592	\$ 17,130,510
2004 G.O. Bond, Series 2007	<u>15,313,069</u>	<u>-</u>	<u>230,076</u>	<u>15,082,993</u>
	<u>\$ 32,952,171</u>	<u>\$ -</u>	<u>\$ 738,668</u>	<u>\$ 32,213,503</u>

2004 General Obligation Bonds Series 2005,  
issued in the original amount of \$18,000,000.  
Final maturity August 1, 2029. Interest rates  
3.375% to 8.00%.

\$ 16,755,000

Unamortized issuance premium on 2004  
General Obligation Bonds Series 2005

375,510

Total 2004 General Obligation Bonds Series 2005

17,130,510

2004 General Obligation Bonds Series 2007,  
issued in the original amount of \$15,000,000.  
Final maturity August 1, 2031. Interest rates  
4.00% to 6.00%.

14,785,000

Unamortized issuance premium on 2004  
General Obligation Bonds Series 2007

297,993

Total 2004 General Obligation Bonds Series 2007

15,082,993

Total general obligation bonds

\$ 32,213,503

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REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO THE SCHEDULE OF PROCEEDS  
AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION 2004, SERIES 2005 AND 2007)

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 3 BONDED DEBT  
(Continued)

Year Ended June 30,	Principal	Interest	Premium	Total
2010	\$ 645,000	\$ 1,431,049	\$ 36,100	\$ 2,112,149
2011	670,000	1,382,599	36,095	2,088,694
2012	705,000	1,333,399	36,374	2,074,773
2013	740,000	1,293,399	36,735	2,070,134
2014	780,000	1,264,905	37,180	2,082,085
2015 – 2019	6,280,000	5,676,844	197,555	12,154,399
2020 – 2024	7,690,000	4,233,736	212,508	12,136,244
2025 – 2029	9,615,000	2,251,050	73,621	11,939,671
2030 – 2032	<u>4,415,000</u>	<u>274,950</u>	<u>7,335</u>	<u>4,697,285</u>
Total	\$ <u>31,540,000</u>	\$ <u>19,141,931</u>	\$ <u>673,503</u>	51,355,434
Less interest				<u>19,141,931</u>
Net principal				\$ <u>32,213,503</u>

NOTE 4 RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures between the cash and accrual basis of accounting for the period from July 1, 2008 through June 30, 2009:

Expenditures – cash basis	\$ 3,908,726
Change in accounts payable	<u>370,330</u>
Expenditures – accrual basis	\$ <u>4,279,056</u>
Interest income – cash basis	\$ 659,183
Change in interest receivable	<u>(158,143)</u>
Interest income – accrual basis	\$ <u>501,040</u>

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REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO THE SCHEDULE OF PROCEEDS  
AND USE OF GENERAL OBLIGATION BONDS  
(ELECTION 2004, SERIES 2005 AND 2007)

FOR THE PERIOD JULY 1, 2008 THROUGH JUNE 30, 2009

NOTE 5      COMMITMENTS AND CONTINGENCIES

Bond Fund Compliance – The General Obligation Bonds (Election of 2004, Series 2005 and 2007) are subject to financial and compliance audits annually. Refer to the Independent Auditors' Report on Compliance with Article XIII A of the Constitution of the State of California on the Proceeds and Use of General Obligation Bonds, which is included in this report.

Construction Contracts – The District has outstanding construction commitments related to these projects in the amount of \$268,174 at June 30, 2009.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
ARTICLE XIII A OF THE CONSTITUTION OF THE STATE  
OF CALIFORNIA ON THE PROCEEDS AND USE OF GENERAL  
OBLIGATION BONDS (ELECTION OF 2004, SERIES 2005 AND 2007)

Board of Trustees  
Redwoods Community College District  
Eureka, California

We have examined the Redwoods Community College District's (District) compliance with Article XIII A of the Constitution of the State of California on the proceeds and use of general obligation bonds (Election of 2004, Series 2005 and 2007) for the period from July 1, 2008 through June 30, 2009. The compliance requirements are as follows:

The Board of Trustees evaluated the list of specific projects to address the District's needs for safety, class size reduction, and information technology.

Funds were properly expended for the specific projects on the Board of Trustee's published list.

Funds were used for financing the acquisition, construction and modernization of certain property and District facilities, and no funds were used for teacher and administrator salaries and other school operating expenses.

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, 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, Redwoods Community College District complied, in all material respects, with the aforementioned requirements for the period from July 1, 2008 through June 30, 2009.

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

*Nystrom & Company LLP*

December 30, 2009