

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

Eureka, California

PERFORMANCE AUDIT

June 30, 2006

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*Redwoods Community College District
Proposition 39 and Measure Q
General Obligation Bonds*

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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) compliance with the performance requirements for the Proposition 39 and Measure Q General Obligation Bonds for the fiscal year ended June 30, 2006. 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, 2006.

Matson and Isom

November 25, 2006

PERFORMANCE AUDIT

June 30, 2006

Redwoods Community College District Proposition 39 and Measure Q General Obligation Bonds

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, 2006, 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, 2006. Expenditures incurred after the issuance of the bonds and prior to June 30, 2005, 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, 2006, 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 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.

PERFORMANCE AUDIT

June 30, 2006

*Redwoods Community College District
Proposition 39 and Measure Q
General Obligation Bonds*

PROCEDURES PERFORMED

We obtained the Bond Projects Fund general ledger, the project expenditure summary reports, and other detail prepared by the District for the fiscal year ended June 30, 2006. 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 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, 2006, 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.

PERFORMANCE AUDIT

June 30, 2006

*Redwoods Community College District**Proposition 39 and Measure Q**General Obligation Bonds***RESULTS OF PROCEDURES**

The District utilized Bond funds for 22 projects. The District incurred total expenditures of \$4,281,861 through June 30, 2006, for the following projects:

	<u>Prior</u> <u>Expenditures</u>	<u>June 30, 2006</u> <u>Expenditures</u>	<u>Total</u> <u>Expenditures</u>	<u>Budget</u>
Modernization of health/technology building	\$ 26,247	\$ 49,803	\$ 76,050	\$ 5,551,990
Modernization of physical science building	6,247	69,606	75,853	10,575,518
Modernization of main building - Mendocino	17,681	299,186	316,867	5,708,336
Modernization of main/art building - Del Norte	19,110	416,065	435,175	6,783,110
Modernization of labs, classrooms and theater	1,050	34,004	35,054	900,193
Modernization of student services/administration building	4,689	2,860	7,549	139,937
New woodworking building - Mendocino	1,698	-	1,698	1,698
Learning resource center - mezzanine structure	24,627	3,007	27,634	27,634
Library building seismic upgrade and remodel	4,093	-	4,093	472,121
Engineering for modernization projects	131,851	184,464	316,315	4,664,319
Repair pool/locker rooms	396,594	696,859	1,093,453	1,093,453
Gym floor/bleachers replacement	197,271	574,357	771,628	771,628
Renovate/repair buildings - Eureka	1,180	-	1,180	1,180
Renovate/repair buildings - Mendocino	4,186	-	4,186	4,186
Culinary kitchen	176,433	-	176,433	176,433
Classrooms upgrade - Eureka	-	32,549	32,549	37,005
Relocated classrooms - Del Norte	26,152	53,373	79,525	26,152
Wastewater treatment building upgrade	-	41,895	41,895	50,000
Furnishings and Equipment	-	136,117	136,117	275,044
Modernization of life science building	5,767	36,010	41,777	2,756,317
Firing range	1,207	-	1,207	1,207
Election costs and project management	72,137	66,066	138,203	302,539
Subtotal	<u>1,118,220</u>	<u>2,696,221</u>	<u>3,814,441</u>	<u>40,320,000</u>
Bond issuance costs	<u>467,420</u>	<u>-</u>	<u>467,420</u>	<u>471,844</u>
Total	<u>\$ 1,585,640</u>	<u>\$ 2,696,221</u>	<u>\$ 4,281,861</u>	<u>\$ 40,791,844</u>

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.

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 Proposition 39 and 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.

MANAGEMENT COMMENTS AND RECOMMENDATIONS

None.