



MATSON  
& ISOM

YOSEMITE COMMUNITY  
COLLEGE DISTRICT  
PROPOSITION 39 AND MEASURE E  
GENERAL OBLIGATION BONDS

**Modesto, California**

PERFORMANCE AUDIT

**June 30, 2013**

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June 30, 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Yosemite Community College District  
Modesto, California

### **Report on Compliance**

We have audited the Yosemite Community College District's (the District) compliance with the performance requirements for Proposition 39 and Measure E General Obligation Bonds (the Bonds) applicable to the District for the fiscal year ended June 30, 2013.

### ***Management's Responsibility***

Management is responsible for the District's compliance with those requirements.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the performance requirements for Proposition 39 and the Bond that could have a material effect on compliance occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our performance audit does not provide a legal determination on the District's compliance with the specific requirements.

### ***Opinion***

In our opinion, the District complied, in all material respects, with the performance requirements referred to above that are applicable to the District for the year ended June 30, 2013.

November 20, 2013  
Chico, California

## **PERFORMANCE AUDIT**

June 30, 2013

*Yosemite Community College District*

*Proposition 39 and Measure E*

*General Obligation Bonds*

### **OBJECTIVES**

The objectives of our performance audit were to document the expenditures charged to the voter-approved Proposition 39 and Measure E General Obligation Bonds (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2013, 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, 2013. 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, 2013, were not reviewed or included within the scope of our audit.

### **BACKGROUND INFORMATION**

On November 2, 2004, \$326,174,000 in general obligation bonds were authorized by an election held within the District. A Citizens' Oversight Committee (the Committee) was appointed on March 9, 2005, to comply with the California Constitution and the California Education Code. The purpose of the Committee is to inform the public, at least annually, regarding the appropriate use of the Bond proceeds. On April 19, 2005, Series 2005A tax-exempt general obligation bonds and Series 2005B taxable general obligation bonds in the amount of \$92,015,000 and \$2,430,000, respectively, were issued. On March 19, 2008, the second series of bonds in the amount of \$150,000,000 were issued. On June 2, 2010, the third series of bonds in the amount of \$81,728,990 were issued. The total proceeds from the bonds' 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 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.

On August 8, 2012, the District issued \$59,205,000 of Series 2012 general obligation refunding bonds at a premium of \$6,151,157 to advance refund \$57,150,000 of the Series 2005A tax-exempt general obligation bonds. Resources totaling \$64,990,980 were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$65,502,750 of general obligation bonds. As a result, the refunded general obligation bonds are considered defeased. This advanced refunding was undertaken to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding general obligation bonds) of \$4,292,341.

## **PERFORMANCE AUDIT**

June 30, 2013

*Yosemite Community College District*

*Proposition 39 and Measure E*

*General Obligation Bonds*

### **PROCEDURES PERFORMED**

We obtained the Bond Projects Fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2013. Within the year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the Bond funding. We performed the following procedures:

- We reviewed the Facilities Master Plan publicized list of intended projects and the full text ballot proposition.
- 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 Citizens' 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, 2013, 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.

**PERFORMANCE AUDIT**

June 30, 2013

*Yosemite Community College District**Proposition 39 and Measure E**General Obligation Bonds***RESULTS OF PROCEDURES**

The District will utilize bond funds for 54 projects. The District incurred total expenditures of \$258,588,946 through June 30, 2013, for the following projects:

	<b>Prior Expenditures</b>	<b>June 30, 2013 Expenditures</b>	<b>Total Expenditures</b>	<b>Budget</b>	<b>Status</b>
<b>MODESTO JUNIOR COLLEGE</b>					
Parking structure	\$ 3,760,947	\$ 64,702	\$ 3,825,649	\$ 3,916,895	Complete
Student Services building	12,073,881	52,388	12,126,269	14,523,404	In progress
Agriculture modular living units	3,149,907	-	3,149,907	3,149,907	Complete
Agriculture animal facilities renovation	2,017,278	-	2,017,278	2,017,278	Complete
Agriculture Multipurpose Pavilion	15,581,147	952,907	16,534,054	17,659,690	In progress
Allied Health Life Sciences	22,992,467	1,403,869	24,396,336	25,360,225	In progress
Modesto Junior College Auditorium	19,566,200	-	19,566,200	19,566,200	Complete
Softball complex	1,531,513	-	1,531,513	1,531,513	Complete
Land, Turlock Center	42,355	8,765	51,120	937,185	In progress
Patterson Center	1,429,679	13,503	1,443,182	5,037,370	In progress
High Tech Center	1,753,965	455,429	2,209,394	16,000,000	In progress
Learning Resource Center	1,057,751	5,431,148	6,488,899	9,495,145	In progress
Science Community Center	45,065,611	12,462,388	57,527,999	70,000,000	In progress
Founders Hall modernization	11,733,799	5,460	11,739,259	12,065,000	In progress
Loop Road West	3,292,959	340,166	3,633,125	4,480,122	In progress
Utility infrastructure	3,328,747	269,304	3,598,051	4,480,122	In progress
Interim housing	2,571,181	68,201	2,639,382	3,000,000	In progress
Campus Way parking lot	1,300,480	-	1,300,480	1,300,480	Complete
Student Center/Career Transfer	110,932	126,479	237,411	450,000	In progress
Art building renovation	579,379	-	579,379	579,379	In progress
West campus parking lot	91,557	663,552	755,109	755,109	Complete
MJC contingency	-	-	-	3,804,976	Not started
<b>COLUMBIA COLLEGE</b>					
Bus and truck service loop	678,895	-	678,895	678,895	Complete
Parking lots	173,190	-	173,190	173,190	Complete
Public safety center	2,105,553	-	2,105,553	2,105,553	Complete
Secondary access road	520,163	-	520,163	520,163	Complete
Madrone building modernization	2,922,998	-	2,922,998	2,922,998	Complete
Child Development Center	8,898,565	3,703	8,902,268	8,902,269	Complete
Science Natural Resources	17,390,515	348,528	17,739,043	17,900,000	Complete
Land, Oakdale Center	43,577	-	43,577	1,000,000	In progress
Manzanita building	140,496	680,436	820,932	9,235,075	In progress
Calaveras Center	1,229,981	770	1,230,751	4,000,000	In progress
Bike lanes and pedestrian paths	18,957	-	18,957	18,957	Complete
Sequoia building	14,000	231,907	245,907	1,340,480	In progress
Roadways phase I	-	100,702	100,702	1,208,952	In progress
Roadways phase II	-	-	-	1,035,561	In progress
Roadways phase III	-	-	-	406,030	In progress
Swing Space	-	6,790	6,790	125,000	In progress
Manzanita Secondary Effects	-	-	-	325,000	In progress
College contingency	-	-	-	596,877	Not started
<b>Balance Forward</b>	<b>\$187,168,625</b>	<b>\$ 23,691,097</b>	<b>\$ 210,859,722</b>	<b>\$ 272,605,000</b>	

**PERFORMANCE AUDIT**

June 30, 2013

*Yosemite Community College District**Proposition 39 and Measure E**General Obligation Bonds*

	<b>Prior</b>	<b>June 30, 2013</b>	<b>Total</b>	<b>Budget</b>	<b>Status</b>
	<b>Expenditures</b>	<b>Expenditures</b>	<b>Expenditures</b>		
<b>Balance Brought Forward</b>	\$187,168,625	\$ 23,691,097	\$ 210,859,722	\$ 272,605,000	
<b>DISTRICT-WIDE PROJECTS</b>					
Capital outlay debt service	14,435,000	-	14,435,000	14,435,000	Complete
Scheduled maintenance	10,000,000	-	10,000,000	10,000,000	Complete
Technology infrastructure	9,336,837	511,093	9,847,930	10,000,000	In progress
Building modernization	169,767	253,368	423,135	19,900,000	In progress
Shipping and receiving	504,819	3,096,693	3,601,512	5,500,000	In progress
Logistics center	767,000	228,897	995,897	995,897	Complete
DTSC	935,310	55,166	990,476	1,300,000	In progress
Ag trailers	65,876	-	65,876	65,876	Complete
Primary Data Center	617,935	4,421,599	5,039,534	8,000,000	In progress
Secondary Data Center	428,177	388,552	816,729	3,500,000	In progress
Art building safety renovation	558,284	16,942	575,226	600,000	In progress
Central Services master plan	82,500	-	82,500	82,500	Complete
Central Services contingency	-	-	-	3,096,243	Not started
Patterson planning	855,409	-	855,409	1,093,484	In progress
<b>Total</b>	<b>\$225,925,539</b>	<b>\$ 32,663,407</b>	<b>\$ 258,588,946</b>	<b>\$ 351,174,000</b>	

Each project 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 the District has properly accounted for the proceeds and expenditures of Proposition 39 and Measure E 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.