

MARIN COMMUNITY COLLEGE DISTRICT

**MEASURE B
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2017

MARIN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Citizens' Bond Oversight Committee for
Measure B, and the Board of Trustees
Marin Community College District
Kentfield, California

We have conducted a performance audit of the Marin Community College District (the "District") Measure B General Obligation Bond funds for the period December 1, 2016 to June 30, 2017.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure B General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Marin Community College District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Marin Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Marin Community College District expended Measure B General Obligation Bond funds for the period December 1, 2016 to June 30, 2017 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
December 14, 2017

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities", upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

MARIN COMMUNITY COLLEGE DISTRICT GENERAL OBLIGATION BONDS, MEASURE B

The Marin Community College District, Marin County, California Election of 2016 General Obligation Bonds, Measure B were authorized at an election of the registered voters of the Marin Community College District held on June 7, 2016 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$265,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the construction, rehabilitation and modernization of certain District property and facilities. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes. A summary of the text of the ballot language was as follows:

"To provide affordable job training and four-year college preparation by using environmental building practices to improve science labs, classrooms, libraries, maintaining educational facilities, updating technology, wiring, improving energy efficiency, fire safety, campus security, disabled access and repairing, constructing, acquiring, equipping classrooms, labs, sites, facilities, shall Marin Community College issue \$265,000,000 in bonds, at legal rates, with annual audits, citizen oversight, no money for administrator salaries?"

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure B General Obligation Bond funds for the period December 1, 2016 to June 30, 2017 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure B General Obligation Bond project expenditures for the year period December 1, 2016 to June 30, 2017 (the "List"). A total of \$5,522,052 in expenditures from July 1, 2016 through June 30, 2017 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure B General Obligation Bond project expenditures for the period December 1, 2016 to June 30, 2017:

- Interviewed District management to determine that controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Documented District procedures and controls over planning, bidding, contracting, expenditure of bond funds and financial reporting.
- Performed tests to determine that the District controls over planning, bidding, contracting, expenditure of bond funds and financial reporting have been put in place and are working as documented.
- Verified the mathematical accuracy of the List.
- Reconciled the list to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2017, presented as the Building Fund.
- Selected a sample of 50 expenditures totaling \$1,024,492. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 19% of the total expenditure value. Verified that expenditures were for authorized projects, and were to construct, upgrade, and improve classrooms and school facilities, renovate restrooms and plumbing, upgrade electrical systems, improve student access to computers and technology, replace heating and air conditioning systems or to make health and safety improvements. We also verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Marin Community College District expended Measure B General Obligation Bond funds for the period December 1, 2016 to June 30, 2017 only for the specific projects developed by the District's Board of Trustees and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

| Warrant Number | Warrant Date | Vendor | Amount |
|---------------------------|-----------------|--------------------------------------|---------------------|
| 182978 | March 9, 2017 | Ann Kennedy Group Inc | \$ 13,815 |
| 182955 | March 9, 2017 | Dan Davis Communications | 14,767 |
| 183008 | March 13, 2017 | Fix Air | 8,885 |
| 183008 | March 13, 2017 | Fix Air | 8,208 |
| 183057 | March 13, 2017 | Terracon Consultants Inc | 9,725 |
| 183057 | March 13, 2017 | Terracon Consultants Inc | 21,250 |
| 183135 | March 21, 2017 | SecureAll Corporation | 32,180 |
| 183135 | March 21, 2017 | SecureAll Corporation | 15,742 |
| 183135 | March 21, 2017 | SecureAll Corporation | 15,742 |
| 183169 | March 27, 2017 | Brick Architecture & Interiors | 110,226 |
| 183276 | March 30, 2017 | Division of the State Architect | 3,750 |
| J23255 | March 31, 2017 | SecureAll Corporation | 26,461 |
| 183416 | April 6, 2017 | Frank, Michael S. | 6,812 |
| Retention | April 14, 2017 | Hillside Drilling Inc | 5,141 |
| 183528 | April 14, 2017 | Brick Architecture & Interiors | 94,746 |
| 183519 | April 14, 2017 | A3GEO, Inc | 10,333 |
| 183648 | April 25, 2017 | Dan Davis Communications | 6,003 |
| 183691 | April 25, 2017 | SecureAll Corporation | 21,045 |
| N/A | April 28, 2017 | Payroll | 5,203 |
| 183902 | April 28, 2017 | Stradling, Yocca, Carlson & Rauth | 4,147 |
| 183884 | April 28, 2017 | Priority 1 Public Safety Equipment | 19,932 |
| N/A | April 30, 2017 | Payroll | 2,801 |
| 183950 | May 8, 2017 | Brick Architecture & Interiors | 56,848 |
| 183969 | May 8, 2017 | Eco Bay Services Inc | 2,041 |
| 184023 | May 9, 2017 | Terracon Consultants Inc | 9,950 |
| 189078 | May 11, 2017 | Discovery Office Systems | 7,594 |
| 189078 | May 11, 2017 | Discovery Office Systems | 35,458 |
| 184093 | May 12, 2017 | Liebert, Cassidy, Whitmore | 664 |
| 184127 | May 15, 2017 | Stradling, Yocca, Carlson & Rauth | 6,676 |
| 184178 | May 22, 2017 | Ann Kennedy Group Inc | 20,459 |
| 184241 | May 23, 2017 | LPAS Inc | 14,342 |
| 184234 | May 23, 2017 | Kenwood Fence Co Inc | 426 |
| 184287 | May 24, 2017 | Division of the State Architect | 10,625 |
| N/A | May 31, 2017 | Payroll | 5,203 |
| N/A | May 31, 2017 | Payroll | 2,755 |
| 184535 | June 9, 2017 | Impact Sciences Inc | 7,541 |
| 184492 | June 9, 2017 | American Compliance Services, LLC | 1,225 |
| 184525 | June 9, 2017 | Frank, Michael S. | 1,042 |
| 184492 | June 9, 2017 | American Compliance Services, LLC | 11,250 |
| 184580 | June 12, 2017 | Verde Design, Inc | 35,995 |
| 184686 | June 20, 2017 | Sorinex Exercise Equipment Inc | 44,157 |
| 184605 | June 20, 2017 | A3GEO, Inc | 9,504 |
| 184919 | June 28, 2017 | HY Floor and Gameline Painting Inc | 39,108 |
| 184920 | June 28, 2017 | Impact Sciences Inc | 10,930 |
| 184852 | June 28, 2017 | Division of the State Architect | 25,897 |
| 185029 | June 30, 2017 | Fix Air | 4,104 |
| 185249 | June 30, 2017 | Dougherty & Dougherty Architects LLC | 107,935 |
| 184991 | June 30, 2017 | A3GEO, Inc | 14,596 |
| 184913 | June 30, 2017 | Geotech Utility Locating | 560 |
| 185234 | June 30, 2017 | Brick Architecture & Interiors | <u>80,693</u> |
| Total expenditures tested | | | <u>\$ 1,024,492</u> |