

MARIN COMMUNITY COLLEGE DISTRICT

**MEASURE B
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2018

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
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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 year ended June 30, 2018.

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 year ended June 30, 2018 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 LLP

Sacramento, California
November 29, 2018

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 update and maintain College of Marin campuses that prepare students for 4-year universities and careers, shall Marin Community College District modernize classrooms, science, computer and biotechnology labs, repair, modernize and provide job-training classrooms, ensure classrooms meet earthquake, fire and safety codes, provide access for disabled students, and repair, construct, acquire, and equip classrooms, labs, sites and facilities by issuing \$265,000,000 in bonds, at legal rates, which cannot be taken by the State, with citizens' oversight and all funds staying local?"

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 year ended June 30, 2018 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 ended June 30, 2018 (the "List"). A total of \$27,361,517 in expenditures from July 1, 2017 through June 30, 2018 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure B General Obligation Bond project expenditures for the year ended June 30, 2018:

- 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, 2018, presented as the Building Fund.
- Selected a sample of 100 expenditures totaling \$8,358,541. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 31% 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.

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 year ended June 30, 2018 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
EXPENDITURES TESTED
July 1, 2017 through June 30, 2018

Warrant Number	Date	Vendor	Amount
185381	8/1/2017	Impact Sciences Inc	\$ 985
185493	8/7/2017	Terracon Consultants Inc	2,100
185445	8/7/2017	Harry L Murphy Inc	2,990
185551	8/11/2017	Kenwood Fence Co Inc	383
185512	8/11/2017	A3GEO, Inc	10,068
185625	8/21/2017	East Bay Restaurant Supply	5,197
185667	8/21/2017	Star Energy Management Inc	30,418
185623	8/21/2017	Division of the State Architect	40,000
185835	8/28/2017	Silverado Contractors	190,000
185745	8/29/2017	California Geological Survey	3,600
185915	9/5/2017	Brick Architecture & Interiors	137,471
185969	9/7/2017	Division of the State Architect	26,050
186126	9/18/2017	CSW Stuber-Stroeh Engineering Group	1,500
186198	9/20/2017	California Geological Survey	3,600
186252	9/25/2017	Krueger International	7,745
186278	9/25/2017	Sorinex Exercise Equipment Inc	24,325
186250	9/25/2017	Keiser Corporation	5,378
186520	10/11/2017	Geosphere Consultants Inc	4,400
186565	10/12/2017	Shoot A Way Inc	7,157
186504	10/17/2017	Dan Davis Communications	8,702
186610	10/18/2017	AEDIS Inc	3,266
186701	10/24/2017	Sorinex Exercise Equipment Inc	6,906
186809	10/30/2017	Marin Independent Journal	1,650
N/A	10/31/2017	Payroll	9,776
186886	11/1/2017	Dougherty & Dougherty Architects LL	112,220
186947	11/2/2017	Urban Forestry Association Inc	3,800
187042	11/14/2017	Urban Forestry Association Inc	1,800
187138	11/15/2017	Walb, Richard W.	3,205
187255	11/17/2017	Ann Kennedy Group Inc	33,046
187598	11/17/2017	LPAS Inc	92,333
191331	11/20/2017	Blach Construction Company	35,228
187181	11/21/2017	Gilbane Building Company	71,342
187356	11/28/2017	Stradling Yocca Carlson & Rauth A P	12,989
187181	11/28/2017	Gilbane Building Company	53,322
187163	11/28/2017	BHM Construction, Inc.	659,040
N/A	11/30/2017	Payroll	10,371
187301	11/30/2017	Geotech Utility Locating	560
187314	11/30/2017	Keenan & Associates	138,054

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MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
EXPENDITURES TESTED
July 1, 2017 through June 30, 2018

Warrant Number	Date	Vendor	Amount
187262	12/1/2017	Blach Construction Company	\$ 669,328
187291	12/1/2017	Dryco Construction Inc	4,850
187364	12/1/2017	Verde Design, Inc	42,215
187484	12/11/2017	Varsity Brands Holding Company	1,234
187378	12/11/2017	Advanced Inspections Inc.	3,420
187528	12/13/2017	BHM Construction, Inc.	465,145
187564	12/15/2017	Dougherty & Dougherty Architects LL	103,245
187638	12/15/2017	Silverado Contractors	186,313
187522	12/15/2017	Bananas At Large, Inc	22,273
187619	12/19/2017	Performance Automotive Group Inc	35,002
187574	12/19/2017	Folsom Lake Ford	33,230
N/A	12/21/2017	Payroll	4,160
187685	1/2/2018	GS Carrell Construction Co	9,698
187673	1/2/2018	American Compliance Services Ltd	1,000
187751	1/8/2018	Gilbane Building Company	13,903
187914	1/22/2018	BHM Construction, Inc.	839,992
187916	1/23/2018	CAE Healthcare	96,005
N/A	1/31/2018	Payroll	11,105
188213	2/6/2018	Krueger International	5,547
188378	2/8/2018	Scozzafava, Gary Vernon.	5,245
188319	2/13/2018	B&H Photo-Video-Audio	5,088
188316	2/13/2018	B&H Photo-Video-Audio	1,651
188326	2/13/2018	CDI Computer Dealers, Inc	226,785
188424	2/22/2018	B&H Photo-Video-Audio	48,116
188503	2/22/2018	Fisher Scientific Inc	2,391
188495	2/27/2018	CSW Stuber-Stroeh Engineering Group	1,736
N/A	2/28/2018	Payroll	9,237
N/A	2/28/2018	Payroll	175
188865	3/16/2018	Gilbane Building Company	27,311
188865	3/16/2018	Gilbane Building Company	5,354
188930	3/19/2018	Steve Weiss Music	8,940
188985	3/27/2018	FieldTurf USA Inc	368,919
188990	3/27/2018	Giddings, Alfred	3,000
189141	3/29/2018	Mountain F Enterprises Inc	50,375
N/A	3/30/2018	Payroll	11,546
189104	4/3/2018	CDI Computer Dealers, Inc	1,380
189098	4/3/2018	BHM Construction, Inc.	1,181,779
189295	4/13/2018	American Modular System, Inc	823,080
189327	4/17/2018	Dougherty & Dougherty Architects LL	19,404
189471	4/23/2018	Gilbane Building Company	960
189569	4/23/2018	VWR Scientific	661
189469	4/24/2018	FieldTurf USA Inc	195,432

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EXPENDITURES TESTED
July 1, 2017 through June 30, 2018

Warrant Number	Date	Vendor	Amount
189742	4/27/2018	Pacific Coast General Engineering	\$ 34,223
189683	4/27/2018	Avon Technology Inc	420
189684	4/27/2018	B&H Photo-Video-Audio	2,796
N/A	4/30/2018	Payroll	194
N/A	4/30/2018	Payroll	11,546
189749	5/1/2018	Quality Assurance Engineering Inc	636
189951	5/10/2018	Amazon.Com Inc	404
190008	5/14/2018	Dougherty & Dougherty Architects LL	16,979
191332	5/14/2018	Blach Construction Company	9,888
189995	5/14/2018	Brick Architecture & Interiors	1,006
190273	5/29/2018	Mountain F Enterprises Inc	23,036
190273	5/29/2018	Mountain F Enterprises Inc	22,118
N/A	5/31/2018	Payroll	11,546
N/A	5/31/2018	Payroll	194
190443	6/6/2018	Kaplan, AL	101,713
190495	6/12/2018	GS Carrell Construction Co	23,582
190843	6/26/2018	Arntz Builders Inc	720,726
190854	6/27/2018	Kone, Inc.	39,945
190859	6/27/2018	Mountain F Enterprises Inc	18,839
N/A	6/30/2018	Payroll	11,546
Total expenditures tested			<u>\$ 8,358,541</u>
