

MARIN COMMUNITY COLLEGE DISTRICT

**MEASURE C
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2018

MARIN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Citizens' Bond Oversight Committee for
Measure C, 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 C 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 C 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 C 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 C 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 C

The Marin Community College District, Marin County, California Election of 2004 General Obligation Bonds, Measure C were authorized at an election of the registered voters of the Marin Community College District held on November 2, 2004 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$249,500,000 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 \$249,500,000 in bonds, at legal rates, with annual audits, citizen oversight, no money for administrator salaries?"

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

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure C 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 C General Obligation Bond project expenditures for the year ended June 30, 2018 (the "List"). A total of \$290,819 in expenditures from July 1, 2017 through June 30, 2018 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure C 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 tested 49 transactions totaling \$290,819, which represented 100% 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 C General Obligation Bond funds C 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 C GENERAL OBLIGATION BONDS
SCHEDULE OF EXPENDITURES TESTED

Warrant Number	Date	Vendor	Amount
N/A	7/1/2017	Dannis Woliver Kelley	\$ 216,906
N/A	7/18/2017	CA State Treasurer	(1,729)
185842	8/24/2017	Teas, Steven E.	43,942
N/A	8/31/2017	Dannis Woliver Kelley	(165,295)
186286	9/25/2017	Underground GIS Inc	20,000
186245	9/26/2017	Hillside Drilling Inc	136,162
186247	9/26/2017	Inspection Services, Inc	1,125
186703	10/24/2017	Statewide Educational Wrap Up Progr	6,609
186703	10/24/2017	Statewide Educational Wrap Up Progr	6,609
N/A	12/1/2017	Dannis Woliver Kelley	(292)
187370	12/4/2017	Western Sign Company, Inc	6,008
188513	2/27/2018	JS Cole Company	1,802
188513	2/27/2018	JS Cole Company	3,027
188589	2/27/2018	Mountain F Enterprises Inc	52,612
188879	3/15/2018	JS Cole Company	3,027
188879	3/15/2018	JS Cole Company	240
189141	3/30/2018	Mountain F Enterprises Inc	11,864
189141	3/30/2018	Mountain F Enterprises Inc	16,107
189141	3/30/2018	Mountain F Enterprises Inc	30,842
189494	4/24/2018	Mountain F Enterprises Inc	17,396
189735	5/1/2018	Mountain F Enterprises Inc	4,263
189735	5/1/2018	Mountain F Enterprises Inc	9,094
189735	5/1/2018	Mountain F Enterprises Inc	10,291
189735	5/1/2018	Mountain F Enterprises Inc	22,150
190273	5/29/2018	Mountain F Enterprises Inc	9,872
190273	5/29/2018	Mountain F Enterprises Inc	9,479
190615	6/19/2018	Mountain F Enterprises Inc	10,890
189141	6/19/2018	Strata Information Group	7,175
189141	6/19/2018	Strata Information Group	3,060
189141	6/19/2018	Strata Information Group	3,400
189141	6/19/2018	Strata Information Group	3,230
189141	6/19/2018	Strata Information Group	3,910
190859	6/27/2018	Mountain F Enterprises Inc	8,074
N/A	6/28/2018	Expense Transfer	(52,612)
N/A	6/28/2018	Expense Transfer	(30,842)
N/A	6/28/2018	Expense Transfer	(22,150)
N/A	6/28/2018	Expense Transfer	(17,396)
N/A	6/28/2018	Expense Transfer	(16,107)
N/A	6/28/2018	Expense Transfer	(11,864)
N/A	6/28/2018	Expense Transfer	(10,890)
N/A	6/28/2018	Expense Transfer	(10,292)

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS
SCHEDULE OF EXPENDITURES TESTED

<u>Warrant Number</u>	<u>Date</u>	<u>Vendor</u>	<u>Amount</u>
N/A	6/28/2018	Expense Transfer	\$ (9,872)
N/A	6/28/2018	Expense Transfer	(9,479)
N/A	6/28/2018	Expense Transfer	(9,094)
N/A	6/28/2018	Expense Transfer	(8,074)
N/A	6/28/2018	Expense Transfer	(4,263)
N/A	6/28/2018	Expense Transfer	(3,267)
N/A	6/28/2018	Expense Transfer	(3,027)
N/A	6/28/2018	Expense Transfer	(1,802)
Total expenditures tested			<u>\$ 290,819</u>
