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MARIN COMMUNITY COLLEGE DISTRICT MEASURE B GENERAL OBLIGATION BONDS

FINANCIAL AUDIT

Fiscal Year Ended June 30, 2022

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
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JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure B General Obligation Bonds of Marin Community College District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Measure B General Obligation Bonds' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure B General Obligation Bonds of Marin Community College District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure B General Obligation Bonds as issued by the District, through the County of Marin, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the Measure B General Obligation Bonds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure B General Obligation Bonds' internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated December 5, 2022 on our consideration of the Measure B General Obligation Bonds' compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure B General Obligation Bonds' for the fiscal year ended June 30, 2022 should be considered in assessing the results of our financial audit.



San Diego, California
December 5, 2022

FINANCIAL SECTION

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
BALANCE SHEET
JUNE 30, 2022**

ASSETS	
Cash in county treasury	\$ 121,676,357
Prepaid expenditures	<u>627,856</u>
Total Assets	<u>\$ 122,304,213</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	<u>\$ 2,432,944</u>
Total Liabilities	<u>2,432,944</u>
Fund Balance	
Nonspendable	627,856
Restricted	<u>119,243,413</u>
Total Fund Balance	<u>119,871,269</u>
Total Liabilities and Fund Balance	<u>\$ 122,304,213</u>

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

REVENUES

Interest \$ 80,917

Total Revenues 80,917

EXPENDITURES

Classified salaries 68,634

Employee benefits 36,363

Capital outlay 14,310,711

Total Expenditures 14,415,707

Change in Fund Balance (14,334,790)

Fund Balance, July 1, 2021 134,206,059

Fund Balance, June 30, 2022 \$ 119,871,269

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marin Community College District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California community colleges. The District accounts for its financial transactions in accordance with policies and procedures of the State Chancellor Office's California Community Colleges Budget and Accounting Manual. The activities of the Measure B Bonds are recorded in the District's General Obligation Bond Construction Fund. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Measure B General Obligation Bonds, only. These financial statements are not intended to present the financial position and results of operations of Marin Community College District as a whole.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements represent the Measure B portion of the Bond Fund of the District and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Cash and Cash Equivalents: For the purpose of financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Marin County Treasury are considered cash equivalents.

Nonspendable Fund Balance: Nonspendable fund balance includes amounts that are not in spendable form, such as prepaid expenditures.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects in accordance with the Bond Project List for Measure B General Obligation Bonds.

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022 consisted of \$121,676,357 held in the County Treasury investment pool.

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Marin County Treasurer's Investment Fund. The County pools these funds with those of other districts in the County and invests the cash. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasury, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Marin County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the Marin County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Interest Rate Risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing their exposure to fair value arising from increasing interest rates. At June 30, 2022, the District had no significant interest rate risk related to investments held. Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – FUND BALANCE CLASSIFICATION

Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure B General Obligation Bonds is restricted, as described below.

The nonspendable fund balance classification includes amounts that are not in spendable form, such as prepaid expenditures.

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

NOTE 4 – CONSTRUCTION COMMITMENTS

As of June 30, 2022, the District has \$6,226,522 in outstanding commitments on construction contracts.

NOTE 5 – PURPOSE OF BOND ISSUANCE

Bond Authorization: By approval of the proposition for Measure B by at least 55% of the registered voters voting on the proposition at an election held on June 7, 2016, Marin Community College District was authorized to issue and sell bonds of up to \$265,000,000 in aggregate principal amount.

Purpose of Bonds: The proceeds of the Bonds may be used:

"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?"

As required by the California Constitution, the proceeds from the sale of bonds will be used only for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – PURPOSE OF BOND ISSUANCE, continued

Bond Project List: The Bond Project List, which is an integral part of the proposition, lists the specific projects the District proposes to finance with proceeds of the bonds. Listed repairs, rehabilitation projects and upgrades will be completed as needed at individual campuses. Each project is assumed to include its share of costs of the election and bond issuance, architectural, engineering and similar planning costs, construction management and customary contingency for unforeseen design and construction costs. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. In addition, certain construction funds expected from non-bond sources, including State grant funds for eligible projects, have not yet been secured. Therefore, the Board of Trustees cannot guarantee that the bonds will provide sufficient funds to allow completion of all listed projects.

NOTE 6 – GENERAL OBLIGATION BOND ISSUANCES

The bonds are general obligations of the District, and Marin County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District. The bonds are included in the audited financial statements of the District.

In December 2016, the District issued Measure B General Obligation Bonds, Series A, in the amount of \$60,000,000.

In December 2016, the District issued Measure B General Obligation Bonds, Series A-1, in the amount of \$37,500,000.

In January 2019, the District issued Measure B General Obligation Bonds, Series B, in the amount of \$70,000,000.

In January 2019, the District issued Measure B General Obligation Bonds, Series B-1, in the amount of \$97,500,000

**OTHER INDEPENDENT
AUDITORS' REPORT**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marin Community College District (the "District") Measure B General Obligation Bonds (the "Bonds"), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Measure B General Obligation Bonds' basic financial statements, and have issued our report thereon dated December 5, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Measure B General Obligation Bonds' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Measure B General Obligation Bonds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Measure B General Obligation Bonds' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure B General Obligation Bonds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 5, 2022

FINDINGS AND RESPONSES SECTION

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no audit findings noted during the 2021-22 year.

**MARIN COMMUNITY COLLEGE DISTRICT
MEASURE B GENERAL OBLIGATION BONDS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

There were no audit findings noted during the 2020-21 year.