

MARIN COMMUNITY COLLEGE DISTRICT

**MEASURE C
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2017

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
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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, 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 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, 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 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, 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 C General Obligation Bond project expenditures for the year ended June 30, 2017 (the "List"). A total of \$1,673,125 in expenditures from July 1, 2016 through June 30, 2017 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, 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 100 transactions totaling \$1,635,941. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 98% 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 C General Obligation Bond funds for the year ended 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 C GENERAL OBLIGATION BONDS
EXPENDITURES TESTED
July 1, 2016 through June 30, 2017

Warrant Number	Warrant Date	Vendor	Amount
179682	July 28, 2016	Joe Lunardi Electric, Inc.	\$ 2,365
N/A	July 29, 2016	Payroll	3,495
N/A	July 29, 2016	Payroll	3,732
179916	August 19, 2016	PAE Consulting Engineers, Inc.	1,215
179876	August 19, 2016	American Compliance Services, LLC	1,580
179876	August 19, 2016	American Compliance Services, LLC	2,800
179905	August 23, 2016	Joe Lunardi Electric, Inc.	191,194
179905	August 23, 2016	Joe Lunardi Electric, Inc.	211,243
180038	August 30, 2016	Peterson Mechanical, Inc.	127,110
180046	August 30, 2016	State Water Resources Control Board	586
N/A	August 30, 2016	Peterson Mechanical, Inc.	6,690
N/A	August 31, 2016	Payroll	1,453
N/A	September 12, 2016	Peterson Mechanical, Inc.	2,094
180247	September 12, 2016	Dan Davis Communications	4,829
180282	September 12, 2016	Musson Theatrical.	96,152
181640	September 12, 2016	Joe Lunardi Electric, Inc.	11,118
180288	September 12, 2016	Peterson Mechanical, Inc.	39,777
180392	September 14, 2016	PAE Consulting Engineers, Inc.	5,000
180411	September 14, 2016	Wright Contracting, Inc.	20,000
N/A	September 30, 2016	Payroll	1,473
180563	October 3, 2016	Dan Davis Communications	18,897
180579	October 3, 2016	Integrated Educational Planning	28,820
180665	October 12, 2016	Dannis Woliver Kelley	173,288
180674	October 12, 2016	EF Brett & Company, Inc.	19,650
180750	October 12, 2016	Underground GIS, Inc.	9,750
180750	October 11, 2016	Underground GIS, Inc.	9,750
180854	October 21, 2016	American Asphalt Repair & Resurfacing	21,063
180915	October 24, 2016	Statewide Educational Wrap Up Program	3,771
N/A	October 31, 2016	Payroll	1,488
181020	November 1, 2016	Krueger International	2,032
181081	November 1, 2016	Western Sign Company, Inc.	7,494
181079	November 1, 2016	Underground GIS, Inc.	9,750
180994	November 2, 2016	Fashion Drapery, Inc.	8,385
181316	November 22, 2016	Inspection Services, Inc.	2,525
181297	November 22, 2016	EF Brett & Company, Inc.	5,148
181352	November 22, 2016	PAE Consulting Engineers, Inc.	11,245
181406	November 29, 2016	Dan Davis Communications	3,400
181412	November 29, 2016	EF Brett & Company, Inc.	19,818
181410	November 29, 2016	EF Brett & Company Inc.	1,034
181411	November 29, 2016	EF Brett & Company, Inc.	271
N/A	November 30, 2016	Payroll	1,488
181522	December 5, 2016	Fashion Drapery, Inc.	5,857
181522	December 5, 2016	Fashion Drapery, Inc.	11,626
181538	December 6, 2016	Knorr Systems, Inc.	46,629
181640	December 13, 2016	Joe Lunardi Electric, Inc.	10,063
181711	December 13, 2016	Western Sign Company, Inc.	14,293
181764	December 20, 2016	Dan Davis Communications	10,663
181856	December 20, 2016	STV Group, Inc.	7,000
181854	December 20, 2016	Statewide Educational Wrap Up Program	69,772
181882	December 31, 2016	American Asphalt Repair & Resurfacing	7,498
181891	January 3, 2017	Dan Davis Communications	13,275
182057	January 11, 2017	Knorr Systems, Inc.	1,583
182042	January 17, 2017	Dannis, Woliver, Kelley	9,029
182042	January 17, 2017	Dannis, Woliver, Kelley	(9,028)

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS
EXPENDITURES TESTED
July 1, 2016 through June 30, 2017

Warrant Number	Warrant Date	Vendor	Amount
182042	January 17, 2017	Dannis, Woliver, Kelley	9,028
182043	January 17, 2017	Dannis, Woliver, Kelley	15,600
182086	January 17, 2017	Underground GIS Inc.	9,750
182060	January 17, 2017	Leila Jacobsen	5,600
182350	January 27, 2017	Peterson Mechanical, Inc.	23,135
182328	January 27, 2017	Knorr Systems, Inc.	12,118
N/A	January 31, 2017	Payroll	1,904
N/A	January 31, 2017	Payroll	425
N/A	January 31, 2017	Payroll	98
N/A	January 31, 2017	Payroll	23
N/A	January 31, 2017	Payroll	618
N/A	January 31, 2017	Payroll	1
N/A	January 31, 2017	Payroll	17
182435	February 6, 2017	Protel Communications Inc.	7,067
182385	February 8, 2017	AV Marketplace Inc.	6,179
182385	February 8, 2017	AV Marketplace Inc.	(6,179)
182385	February 8, 2017	AV Marketplace Inc.	6,179
182622	February 21, 2017	Dannis, Woliver, Kelley	265
182621	February 21, 2017	Dannis, Woliver, Kelley	2,347
182614	February 21, 2017	American Reprographics Company, LLC	32
182614	February 21, 2017	American Reprographics Company, LLC	32
182633	February 21, 2017	Krueger International	845
182634	February 21, 2017	Leila Jacobsen	756
182827	February 28, 2017	Smile Business Products	74
182828	February 28, 2017	Smile Business Products	74
182829	February 28, 2017	Smile Business Products	74
182830	February 28, 2017	Smile Business Products	74
182767	February 28, 2017	Dan Davis Communications	4,118
182785	March 1, 2017	JR Stephens Company	3,472
182785	March 1, 2017	JR Stephens Company	3,472
182785	March 1, 2017	JR Stephens Company	(3,472)
183016	March 9, 2017	Inspection Services, Inc.	640
183407	April 6, 2017	Dannis, Woliver, Kelley	400,000
183548	April 14, 2017	Degenkolb Engineers	3,000
183546	April 14, 2017	Dan Davis Communications	1,301
183612	April 17, 2017	Watersavers Irrigation, Inc.	46
183649	April 25, 2017	Degenkolb Engineers	789
183967	May 8, 2017	Division of the State Architect	1,201
184020	May 8, 2017	Southern Hemisphere Shades Inc.	10,720
183981	May 8, 2017	Inspection Services, Inc.	1,180
184062	May 12, 2017	AECOM Technical Services Inc.	2,314
184203	May 18, 2017	Degenkolb Engineers	1,212
184509	June 8, 2017	Commercial Pool Systems Inc.	33,054
184574	June 9, 2017	Southern Hemisphere Shades Inc.	2,400
184558	June 13, 2017	PAE Consulting Engineers, Inc.	31
N/A	June 30, 2017	DWK Prepaid I0087524	(216,906)
Total expenditures tested			<u>\$ 1,635,941</u>