

MARIN COMMUNITY COLLEGE DISTRICT

**MEASURE C
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2015

MARIN COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS
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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, 2015.

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 that the evidence obtained provides a reasonable basis for the 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 if internal controls were adequate to help ensure 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. Accordingly, we do not express any assurance on the internal control.

The results of our tests indicated that, in all significant respects, Marin Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2015 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
January 26, 2016

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, MEASURE C GENERAL OBLIGATION BONDS

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, 2015 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, 2015 (the "List"). A total of \$19,373,747 in expenditures from July 1, 2014 through June 30, 2015 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, 2015:

- Interviewed District management related to 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 test 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 expenditures 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, 2015, presented as the Building Fund.
- Selected a sample of 100 expenditures totaling \$7,938,218 from Measure C (Attachment A). The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the 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 tests indicated that, in all significant respects, Marin Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2015 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.

MARIN COMMUNITY COLLEGE DISTRICT
EXPENDITURES TESTED
July 1, 2014 through June 30, 2015

Warrant Number	Warrant Date	Vendor	Amount
168261	July 29, 2014	Statewide Educational Wrap Up Progr	\$ 41,084
168321	August 5, 2014	Jacobs Project Management Co	45,967
168343	August 5, 2014	REWest Builders	218,067
168511	August 21, 2014	Amazon.Com, Inc/GE Money	217
168521	August 21, 2014	Hardison, Komatsu, Ivelich & Tucker	306
168529	August 21, 2014	Smile Business Products	354
168519	August 21, 2014	Grainger Inc	809
168520	August 21, 2014	Hardison, Komatsu, Ivelich & Tucker	6,195
168518	August 21, 2014	Glumac	6,405
168522	August 21, 2014	McArdell Landscape Inc	9,850
168547	August 25, 2014	Anixter Northern California	1,448
168600	August 26, 2014	Royston, Hanamoto, Alley & Abey	4,781
N/A	August 29, 2014	HR Payroll 2014 EM 8 0	10,422
168841	September 11, 2014	Skewes-Cox, Amy D.	1,565
168840	September 11, 2014	McArdell Landscape Inc	7,810
168838	September 11, 2014	Kurt Hirtzer Inspection Services	14,128
168847	September 11, 2014	Wright Contracting, Inc	832,695
168847	September 11, 2014	Wright Contracting, Inc	1,498,345
168952	September 19, 2014	McArdell Landscape Inc	336
168948	September 19, 2014	American Guard Services	1,296
168956	September 19, 2014	SecureAll Corporation	14,000
169158	September 29, 2014	Geotech Utility Locating	435
169211	September 29, 2014	Treemasters Tree & Garden Care	490
169200	September 29, 2014	Santa Rosa Moving and Storage	850
169130	September 29, 2014	CDI Computer Dealers, Inc	26,691
169120	September 29, 2014	Ballard & Watkins Construction Servi	45,000
169137	September 29, 2014	Dannis Woliver Kelley	49,959
169257	October 3, 2014	Computerland of Silicon Valley	3,485
169343	October 9, 2014	American Reprographics Company, LLC	759
169344	October 9, 2014	Dan Davis Communications	13,087
169457	October 15, 2014	Inspection Services, Inc	8,314
169852	November 8, 2014	Urban Forestry Associates, Inc.	888
169840	November 8, 2014	Wildcat Construction	7,200
169896	November 17, 2014	Al Heffley, Inc	3,270
169980	November 17, 2014	Stellar Environmental Solutions	10,725
169995	November 17, 2014	Wright Contracting, Inc	869,567
170218	December 4, 2014	Wildcat Construction	2,104
170220	December 4, 2014	McMillan Data Communications	5,485
170223	December 4, 2014	Sally Swanson Architects, Inc	21,675
170213	December 4, 2014	DecoTech Systems	81,241
170215	December 4, 2014	Gonsalves & Stronck Construction Co	103,920
170238	December 8, 2014	AA&T Communications, Inc	2,527
170305	December 8, 2014	Priority 1 Public Safety Equipment Installation Inc.	6,068
170417	December 16, 2014	STV Architects	7,500
170390	December 16, 2014	McLaren Software, Inc	15,597
170374	December 16, 2014	GS Carrell Construction Co	15,701
170399	December 16, 2014	O'Mahony & Myer, Inc.	17,488
170392	December 16, 2014	Mobile Modular Management Corporation	41,676
170449	December 17, 2014	Division of the State Architect	15,650
170532	December 19, 2014	Joe Lunardi Electric, Inc	1,900

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT
EXPENDITURES TESTED
July 1, 2014 through June 30, 2015

Warrant Number	Warrant Date	Vendor	Amount
5456546	January 9, 2015	Dannis Woliver Kelley	\$ 48,044
170708	January 9, 2015	VBN Architects	85,260
170761	January 20, 2015	Dan Davis Communications	14,460
170779	January 20, 2015	Joe Lunardi Electric, Inc	14,346
171010	January 29, 2015	Wright Contracting, Inc	306,907
172044	February 10, 2015	CSW Stuber-Stroeh Engineering Group	4,089
7612.92	February 10, 2015	Jacobs Project Management Co	7,613
171299	February 10, 2015	REWest Builders	6,943
171313	February 10, 2015	Stellar Environmental Solutions	5,242
171244	February 10, 2015	Glumac	1,320
171384	February 18, 2015	Division of the State Architect	538
171681	March 5, 2015	Wright Contracting, Inc	42,580
N/A	March 6, 2015	Expense Transfer, Postage	88
171805	March 12, 2015	A3GEO, Inc	7,363
171901	March 17, 2015	Wright Contracting, Inc	623,109
171226	March 24, 2015	O'Mahony & Myer, Inc.	505
172039	March 24, 2015	Michael Paul Company Inc	64,714
172209	April 1, 2015	U.S. Bank	760
172326	April 13, 2015	American Reprographics Company, LLC	70
172326	April 13, 2015	American Reprographics Company, LLC	56
172431	April 14, 2015	CDWG Inc	180,000
172439	April 17, 2015	Ninyo and Moore	10,800
172471	April 21, 2015	Dannis Woliver Kelley	77
N/A	April 30, 2015	HR Payroll 2015 EM 4 0	2,599
N/A	April 30, 2015	HR Payroll 2015 EM 4 0	191
172708	May 5, 2015	Michael Paul Company Inc	111,117
172754	May 11, 2015	American Reprographics Company, LLC	31
172808	May 11, 2015	Inspection Services, Inc	54
172859	May 12, 2015	VBN Architects	3,959
172798	May 12, 2015	Glumac	1,830
172877	May 12, 2015	Wright Contracting, Inc	1,037,281
173021	May 26, 2015	Capitol Builders Hardware, Inc	180,000
173165	May 26, 2015	Wright Contracting, Inc	889,693
173371	June 8, 2015	Western Roofing Service	92,069
173291	June 8, 2015	Architectural Testing Inc	2,650
173397	June 12, 2015	Ellucian Support Inc	5,999
173548	June 22, 2015	TLCD Architecture	17,778
N/A	June 28, 2015	Expense transfer, postage	57
N/A	June 28, 2015	Edmondson	425
173678	June 29, 2015	American Reprographics Company, LLC	56
173992	June 29, 2015	American Reprographics Company, LLC	329
173992	June 29, 2015	American Reprographics Company, LLC	157
173992	June 29, 2015	American Reprographics Company, LLC	24
173992	June 29, 2015	American Reprographics Company, LLC	30
174067	June 29, 2015	Shalleck Collaborative	1,000
173783	June 29, 2015	Western Roofing Service	16,524
174042	June 29, 2015	Murphy McKay & Associates Inc	7,945
171693	June 29, 2015	Wright Contracting, Inc	29,617
174023	June 29, 2015	Inspection Services, Inc	1,315
174204	June 30, 2015	Dannis Woliver Kelley	15,276
Total expenditures tested			<u>\$ 7,938,218</u>