

MARIN COMMUNITY COLLEGE DISTRICT
Novato, California

MEASURE C
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Citizens' Bond Oversight Committee for
Measure C, and the Board of Trustees
Marin Community College District
Novato, 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, 2014.

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, 2014 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

Sacramento, California
February 6, 2015

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, 2014 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, 2014 (the "List"). A total of \$18,976,097 in expenditures from July 1, 2013 through June 30, 2014 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, 2014:

- 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, 2014, presented as the Building Fund.
- Selected a sample of 100 expenditures totaling \$13,964,642 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, 2014 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
SCHEDULE OF EXPENDITURES TESTED
July 1, 2013 through June 30, 2014

Warrant Number	Warrant Date	Description	Amount
161248	August 19, 2013	Angotti & Reilly	\$ 110,709
161254	August 19, 2013	Beatty, Julia	5,840
161258	August 19, 2013	Cooper Pugeda Management, Inc.	28,208
161274	August 19, 2013	Inspection Services, Inc.	1,098
161307	August 20, 2013	Sally Swanson Architects, Inc.	10,673
161383	August 27, 2013	Radixos	2,429
N/A	August 30, 2013	Payroll expense	11,094
161545	September 3, 2013	Silverado Contractors	310,460
161548	September 3, 2013	Wenger Corporation	26,348
161676	September 10, 2013	State Water Resource Control Board	427
161683	September 10, 2013	TLCD Architecture	40,615
161733	September 16, 2013	Consolidated Engineering Labs	18,698
161733	September 16, 2013	Consolidated Engineering Labs	41,352
161771	September 16, 2013	McLaren Software, Inc.	23,500
161858	September 23, 2013	American Reprographics Comp.	1,058
161928	September 24, 2013	Ninyo & Moore	19,000
161941	September 24, 2013	Russell Sigler, Inc.	39,879
161946	September 24, 2013	Silverado Contractors	177,227
161959	September 24, 2013	Wright Contracting, Inc.	246,269
162063	September 30, 2013	Angotti & Reilly	179,819
162102	September 30, 2013	Landscape Forms, Inc.	11,822
N/A	September 30, 2013	Payroll expense	8,110
162239	October 11, 2013	Aanenson Wildcat, Inc.	13,771
162241	October 11, 2013	JL Modular	24,360
162243	October 11, 2013	Lathrop Construction Associates, Inc.	392,872
162308	October 15, 2013	Jacobs Project Management Co.	118,830
162363	October 15, 2013	Wright Contracting, Inc.	708,339
162422	October 21, 2013	Lathrop Construction Associates, Inc.	74,745
162456	October 21, 2013	Multivista	3,881
162484	October 21, 2013	Statewide Educational Wrap Up Program	623,579
162600	October 28, 2013	Pacific Power Control, Inc.	35,421
162649	October 30, 2013	DecoTech Systems	255,837
162822	November 12, 2013	Hardware Tech	1,412
162847	November 12, 2013	Urban Forestry Associates	1,455
162901	November 19, 2013	A3GEO	58,096
163022	November 19, 2013	Stellar Environmental Solutions, Inc.	75,052
163030	November 19, 2013	TLCD Architecture	24,296
163040	November 19, 2013	Wright Contracting, Inc.	688,209
163153	November 26, 2013	Noll & Tam Architects and Planners	8,590
163216	December 2, 2013	Entisys Solutions, Inc.	401,256
163336	December 10, 2013	Dan Davis	8,000
163482	December 16, 2013	4Leaf, Inc.	20,000
163491	December 16, 2013	Ballard & Watkins Construction Company, Inc.	5,175
163524	December 16, 2013	Gonsalves & Stronck Construction Company, Inc.	55,670
163530	December 16, 2013	Inspection Services, Inc.	25,949
163533	December 16, 2013	John R. Sergeant – Purple Audio and Video	23,957
163590	December 16, 2013	Silverado Contractors	19,692
163605	December 16, 2103	Treemasters Tree & Garden Care, Inc.	7,433
163614	December 16, 2013	Wright Contracting, Inc.	1,053,427
N/A	December 20, 2013	Payroll expense	11,094
163747	January 6, 2014	DecoTech Systems	64,994
163757	January 6, 2014	Gonsalves & Stronck Construction Company, Inc.	120,538
163779	January 6, 2014	Nor-Cal Moving Services	1,221
163806	January 6, 2014	Gonsalves & Stronck Construction Company, Inc.	6,344
N/A	January 13, 2014	Expense Transfer, Oct/Nov duplicating	233
164033	January 22, 2014	Wright Contracting, Inc.	814,996

(Continued)

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MARIN COMMUNITY COLLEGE DISTRICT
EXPENDITURES TESTED
July 1, 2013 through June 30, 2014

Warrant Number	Warrant Date	Description	Amount
164248	February 3, 2014	Gonsalves & Stronck Construction Company, Inc.	\$ 24,455
164287	February 3, 2014	Gonsalves & Stronck Construction Company, Inc.	74
164333	February 6, 2014	Wright Contracting, Inc.	825,022
164545	February 25, 2014	Jacobs Project Management Co.	59,241
164545	February 25, 2014	Jacobs Project Management Co.	40,363
164600	February 25, 2014	Vision Management	10,625
164202	February 25, 2014	Western Sign Company, Inc.	1,093
164670	March 3, 2014	Beatty, Julia H.	1,105
164692	March 4, 2014	ED2 International Architects	2,246
164692	March 4, 2014	ED2 International Architects	173,714
164847	March 11, 2014	Jacobs Project Management Co.	4,596
164847	March 11, 2014	Jacobs Project Management Co.	61,437
164909	March 11, 2014	Stellar Environmental Solutions	10,085
164958	March 14, 2014	American Guard Services	1,296
165104	March 25, 2014	Degenkolb Engineers	900
165166	March 25, 2014	Wright Contracting, Inc.	718,771
165254	March 27, 2014	American Guard Services	2,160
165269	March 27, 2014	Dannis Woliver Kelley	513
165452	April 14, 2014	American Reprographics Company, LLC	921
165457	April 14, 2014	Royston, Hanamoto, Alley & Abey	12,521
165582	April 16, 2014	Wright Contracting, Inc.	481,411
166849	May 1, 2014	Dannis Woliver Kelley	1,094
166859	May 1, 2014	TLCD Architecture	24,296
166929	May 13, 2014	Kate Keating Associates	766
166954	May 13, 2014	McGraw Hill Construction	2,322
167093	May 19, 2014	Pine Pacific Services, LLC	1,294
167198	May 23, 2014	Ellucian Support, Inc.	1,744
167198	May 23, 2014	Ellucian Support, Inc.	195,921
167210	May 27, 2014	McCarty, Laura	575
167236	May 27, 2014	Smile Business Products	525
167405	June 3, 2014	Wright Contracting, Inc.	572,715
167601	June 18, 2014	Division of the State Architect	3,437
167604	June 18, 2014	Gonsalves & Stronck Construction Company, Inc.	113,184
167612	June, 18, 2014	Wright Contracting, Inc.	1,153,106
167679	June 24, 2014	Apple Computer, Inc.	537
167698	June 24, 2014	ED2 International Architects	26,063
168045	June 30, 2014	REWest builders	117,534
168056	June 30, 2014	Statewide Educational Wrap Up Program	106,147
168084	June 30, 2014	Wright Contracting, Inc.	106,472
168135	June 30, 2014	Pine Pacific Services, LLC	1,294
168157	June 30, 2014	Wright Contracting, Inc.	2,022,966
N/A	June 30, 2014	REWest Builders	1,965
N/A	June 30, 2014	Payroll	10,319
N/A	June 30, 2014	Payroll	4,458
Total expenditures tested			<u>\$ 13,964,642</u>