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**MERCED COMMUNITY COLLEGE DISTRICT  
MEASURE H AND J GENERAL OBLIGATION BONDS  
PERFORMANCE AUDIT**

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**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**MERCED COMMUNITY COLLEGE DISTRICT  
MEASURE H AND J GENERAL OBLIGATION BONDS  
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**PERFORMANCE AUDIT**

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## INDEPENDENT AUDITORS' REPORT

Citizens' Oversight Committee and  
Board of Trustees  
Merced Community College District  
Merced, California

We have conducted a performance audit of the Merced Community College District (the "District") Measure H and J General Obligation Bond funds for the year ended June 30, 2023.

The results of our tests indicated that, in all significant respects, Merced Community College District expended Measure H and J General Obligation Bond funds for the year ended June 30, 2023 only for 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.

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 our conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 2 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H and J 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 Merced 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 Merced 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 controls.

*CWDL, Certified Public Accountants*

San Diego, California  
December 7, 2023

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# **PERFORMANCE AUDIT**

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**MERCED COMMUNITY COLLEGE DISTRICT  
MEASURE H AND J GENERAL OBLIGATION BONDS  
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JUNE 30, 2023**

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**OBJECTIVES**

The objectives of our performance audit were to document the expenditures charged to Measures H and J General Obligation Bonds (the Bonds) which were approved under Proposition 39; determine whether expenditures for fiscal year ended June 30, 2023 charged to the Bond Projects Funds have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; and provide recommendations for improvements.

**SCOPE**

The scope of our performance audit covered the fiscal year ended June 30, 2023. Expenditures incurred after the issuance of the bonds and prior to July 1, 2022, were covered in a previous examination. The expenditures included all account and project codes associated with the Bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2023 were not reviewed or included within the scope of our audit.

The District provided to us a list of all Measure H and J General Obligation Bond project expenditures for the year ended June 30, 2023 (the "List"). The list of transactions represented \$7,803,779 in expenditures from July 1, 2022 through June 30, 2023.

**BACKGROUND INFORMATION**

On November 5, 2002, voters approved Measure H, a \$53,500,000 general obligation bond authorization for the District. The first series of bonds in the amount of \$20,000,000 was issued on June 19, 2003. The second series of bonds in the amount of \$24,000,000 was issued on August 1, 2006. The 2012 Refunding Bonds were issued on February 28, 2012 for \$13,070,000, which partially refunded the outstanding bonds issued on June 19, 2003. The 2014 Refunding Bonds were issued on August 1, 2014 for \$21,965,000, which partially refunded the outstanding bonds issued August 1, 2006. The third series of the bonds in the amount of \$9,500,000 was issued July 21, 2021.

On November 5, 2002, voters approved Measure J, an \$11,930,000 general obligation bond authorization for the District. The first series of bonds in the amount of \$5,140,000 was issued on June 19, 2003. The second series of bonds in the amount of \$6,790,000 was issued on August 1, 2005. The 2006 Refunding Bonds were issued on November 16, 2006 for \$10,740,000, which refunded the outstanding bonds issued on June 19, 2003 and August 1, 2005, respectively.

A Citizens Oversight Committee (the Committee) was appointed on February 4, 2003, to comply with the California Constitution and the Education Code. The purpose of the Committee is to inform the public, at least annually, regarding the appropriate use of the bond proceeds. California Constitution, Article XIII A, Section 1(b)(3), requires an annual performance audit to ensure that the funds have been expended only on the specific projects publicized by the District.

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**METHODOLOGY**

We performed the following procedures to the List of Measure H and J General Obligation Bond project expenditures for the year ended June 30, 2023:

- Interviewed District management related to controls over planning, bidding, contracting, expenditure of bond funds and financial reporting and determined that controls 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, 2023, presented as the Measure H and J General Obligation Bond funds.
- We selected a sample of expenditures totaling \$6,608,768. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented over 84% of the total expenditure value. We verified that the expenditures were for the approved projects and were expended for the purposes outlined in the Measure H and J ballot language and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

**RESULTS OF PROCEDURES PERFORMED**

The District utilized Measure H Bond funds for 26 projects. The District incurred total expenditures of \$7,801,452 during the fiscal year ended June 30, 2023, for the Measure H projects listed on the following page.

The District utilized Measure J Bond funds for 11 projects. The District incurred total expenditures of \$1,980 during the fiscal year ended June 30, 2023, for the Measure J projects listed on the following page.

**MERCED COMMUNITY COLLEGE DISTRICT  
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|   | Prior<br>Expenditures | 2023<br>Expenditures | Total<br>Expenditures | Budget               | Status      |
|---|-----------------------|----------------------|-----------------------|----------------------|-------------|
| <b>MERCED CAMPUS - Measure H Bond Projects</b>    |                       |                      |                       |                      |             |
| Access for Persons with Disabilities              | \$ 28,035             | \$ -                 | \$ 28,035             | \$ 36,475            | In progress |
| Administration Building Remodel                   | 2,185,157             | -                    | 2,185,157             | 2,185,157            | Completed   |
| Administration Building Remodel 2019              | 242,591               | -                    | 242,591               | 242,591              | Completed   |
| Agriculture Science and Technology building       | 4,099,925             | 7,183,504            | 11,283,429            | 12,294,000           | In progress |
| Allied Health Building                            | 2,838,432             | -                    | 2,838,432             | 2,838,434            | Completed   |
| Allied Health Parking Lot                         | 177,228               | -                    | 177,228               | 177,228              | Completed   |
| Business Resource Center                          | 7,521,615             | -                    | 7,521,615             | 7,521,615            | Completed   |
| Central Plant Upgrades                            | 3,501,548             | -                    | 3,501,548             | 3,501,548            | Completed   |
| Child Development Center                          | 738,176               | -                    | 738,176               | 738,176              | Completed   |
| Communications Building                           | 1,232                 | -                    | 1,232                 | 1,232                | Completed   |
| Dump Site Replacement                             | 59,003                | -                    | 59,003                | 59,003               | Completed   |
| Eligible Bond Project Costs                       | 327,956               | 145,314              | 473,270               | 473,270              | In progress |
| Fines & Fees                                      | 16,580                | 1,250                | 17,830                | 17,830               | In progress |
| Fire and Safety (North Road Loop)                 | 1,596,627             | -                    | 1,596,627             | 1,596,627            | Completed   |
| Learning Resource Center                          | 8,301,251             | -                    | 8,301,251             | 8,301,251            | Completed   |
| Leshler Building Remodel                          | 2,732,301             | -                    | 2,732,301             | 2,731,651            | Completed   |
| Leshler Building Remodel 2019                     | 259,011               | -                    | 259,011               | 259,661              | Completed   |
| Mechanized Agriculture Building                   | 13,454                | -                    | 13,454                | 13,454               | Completed   |
| Parking Lot J                                     | 556,065               | -                    | 556,065               | 556,065              | Completed   |
| Science Building Remodel                          | 4,112,355             | -                    | 4,112,355             | 4,112,356            | Completed   |
| Science Swing Space                               | 1,911,720             | -                    | 1,911,720             | 1,911,719            | Completed   |
| Student Union Building                            | 1,456,748             | -                    | 1,456,748             | 1,456,746            | Completed   |
| Student Union Remodel 2020                        | 343,025               | -                    | 343,025               | 343,025              | Completed   |
| Theater Remodel                                   | 886,344               | -                    | 886,344               | 886,344              | Completed   |
| Vocational Building Remodel                       | 172,419               | 471,731              | 644,150               | 5,140,256            | In progress |
| Way Finding Project                               | 281,947               | -                    | 281,947               | 300,000              | In progress |
| <b>Subtotal</b>                                   | <b>44,360,745</b>     | <b>7,801,799</b>     | <b>52,162,544</b>     | <b>57,695,714</b>    |             |
| <b>LOS BANOS CAMPUS - Measure J Bond Projects</b> |                       |                      |                       |                      |             |
| Academic/Vocational Technology Building           | 9,741,881             | -                    | 9,741,881             | 9,741,881            | Completed   |
| Access for Persons with Disabilities              | 10,601                | -                    | 10,601                | 10,601               | In progress |
| Bond Issuance Costs                               | 133,800               | -                    | 133,800               | 133,800              | Completed   |
| Cell Antenna Expansion                            | 27,055                | -                    | 27,055                | 27,055               | Completed   |
| Fines & Fees                                      | 80,490                | 1,980                | 82,470                | 82,469               | Completed   |
| Food Forest                                       | 67,770                | -                    | 67,770                | 67,770               | Completed   |
| Maintenance & Operations                          | 232,920               | -                    | 232,920               | 232,920              | Completed   |
| New Campus Site Development                       | 1,589,209             | -                    | 1,589,209             | 1,589,209            | Completed   |
| Off Site Development                              | 934,064               | -                    | 934,064               | 934,064              | Completed   |
| Operations and Maintenance Facilities             | 430,103               | -                    | 430,103               | 430,103              | Completed   |
| Parking Lot                                       | 301,239               | -                    | 301,239               | 301,239              | Completed   |
| <b>Subtotal</b>                                   | <b>13,549,132</b>     | <b>1,980</b>         | <b>13,551,112</b>     | <b>13,551,111</b>    |             |
| <b>Total</b>                                      | <b>\$ 57,909,877</b>  | <b>\$ 7,803,779</b>  | <b>\$ 65,713,656</b>  | <b>\$ 71,246,825</b> |             |

**CONCLUSION**

The results of our tests indicated that, in all significant respects, Merced Community College District expended Measure H and J General Obligation Bond funds for the year ended June 30, 2023 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.