



See what's possible.

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

MERCED COMMUNITY COLLEGE DISTRICT
MEASURE H AND J GENERAL OBLIGATION BONDS
TABLE OF CONTENTS
JUNE 30, 2024

	<u>Page</u>
Independent Auditors' Report.....	1

PERFORMANCE AUDIT

Objectives	2
Scope	2
Background Information.....	2
Methodology.....	3
Results of Procedures Performed.....	3
Conclusion	4



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 (the "Bond Funds") for the fiscal year then ended June 30, 2024.

The results of our tests indicated that, in all significant respects, the District's expended Bond Funds for the fiscal year then ended June 30, 2024 only for specific projects developed by the District's Board of Trustees (the "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.

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 the 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 the 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.



San Diego, California
November 15, 2024

PERFORMANCE AUDIT

**MERCED COMMUNITY COLLEGE DISTRICT
MEASURE H AND J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
JUNE 30, 2024**

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the Bond Funds which were approved under Proposition 39; determine whether expenditures for the fiscal year then ended June 30, 2024 charged to the Bond 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 then ended June 30, 2024. Expenditures incurred after the issuance of the bonds and prior to July 1, 2023, 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, 2024 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 fiscal year then ended June 30, 2024 (the "List"). The list of transactions represented \$5,265,751 in expenditures from July 1, 2023 through June 30, 2024.

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.

**MERCED COMMUNITY COLLEGE DISTRICT
MEASURE H AND J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
JUNE 30, 2024**

METHODOLOGY

We performed the following procedures to the List of Measure H and J General Obligation Bond project expenditures for the fiscal year then ended June 30, 2024:

- 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, 2024, presented as the Measure H and J General Obligation Bond funds.
- We selected a sample of expenditures totaling \$4,275,797. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented over 81.20% 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 incurred total expenditures of \$5,263,572 and \$2,179 during the fiscal year then ended June 30, 2024, for the Measure H and J General Obligation Bonds' projects, respectively, listed on the following page.

**MERCED COMMUNITY COLLEGE DISTRICT
MEASURE H AND J GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
JUNE 30, 2024**

	Prior Expenditures	2024 Adjustments	2024 Expenditures	Total Expenditures	Budget	Status
MERCED CAMPUS - Measure H Bond Projects						
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 Industrial Technology Bldg	11,283,428	201,356	206,248	11,691,032	11,626,155	Completed
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	472,923	(324,696)	-	148,227	148,227	Completed
Fines & Fees	17,830	(749)	1,499	18,580	18,580	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
Leshar Building Remodel	2,732,301	(650)	-	2,731,651	2,731,651	Completed
Leshar Building Remodel 2019	259,011	650	-	259,661	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	644,149	65,944	5,055,826	5,765,919	6,264,520	In progress
Way Finding Project	281,947	-	-	281,947	300,000	In progress
Subtotal	52,162,196	(58,145)	5,263,573	57,367,624	57,827,840	
LOS BANOS CAMPUS - Measure J Bond Projects						
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	82,470	-	2,178	84,648	84,648	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
Subtotal	13,551,112	-	2,178	13,553,290	13,553,290	
Total	\$ 65,713,308	\$ (58,145)	\$ 5,265,751	\$ 70,920,914	\$ 71,381,130	

CONCLUSION

The results of our tests indicated that, in all significant respects, the District expended the Bond Funds for the fiscal year then ended June 30, 2024 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.