

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE**

Wednesday, June 10, 2015

4:30 PM

**Mendocino College
1000 Hensley Creek Road, Ukiah CA 95482
President's Conference Room (#1065)**

CALL TO ORDER

PUBLIC COMMENTS

This time is set aside for general public comments. Additionally, comments may be made at time of discussion of any item. After being recognized by the Chair, those wishing to make comments are asked to stand at the podium, state their name, place of residence and affiliation, if any, and address their comments to the Committee Chair. Committee members may ask questions of the speaker for clarification but will not generally discuss items that are not on the agenda. If appropriate, they may refer the subject to College staff for research or for the item to be placed on a subsequent agenda.

1. Approval of Agenda
2. Approval of Minutes of the Meeting held on February 3, 2015
3. Final External Audit Reports
 - Performance Audit – February 28, 2015
 - Financial Audit – February 28, 2015
4. Report to the Community
 - As of February 28, 2015

5. **ADJOURNMENT**

ADA Compliance: Persons with disabilities needing assistance, please notify the Superintendent/President's Office at 468-3071 no later than 24 hours prior to the scheduled meeting. Meetings are held in locations which are wheelchair accessible.

Agenda Packet and Supporting Documents Notice: The agenda packet and supporting materials can be viewed in the Vice President's Office, Room 1050, Mendocino College, 1000 Hensley Creek Road, Ukiah CA.

MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
MINUTES OF THE MEETING OF THE CITIZEN'S BOND OVERSIGHT COMMITTEE

A regular meeting of the Mendocino-Lake Community College District Citizen's Bond Oversight Committee (CBOC) was convened on Tuesday, February 3, 2015, at Mendocino College, 1000 Hensley Creek Road, Ukiah, California.

GENERAL MATTERS

Call To Order The meeting was called to order at 5:05 PM by CBOC Vice President Diane Clatty.

<i>Members</i>	Tami Bartolomei	absent
	Diane L. Clatty	present
	Matt Cockerton	present
	Richard Cooper	present
	Charlie Kelly	present
	Charley Myers	present
	Wade Koeninger	present

<i>Staff Representatives</i>	Eileen Cichocki, Vice President of Administrative Services
	Steve Oliveria, Director of Maintenance and Operations
	Joe Atherton, Director of Fiscal Services

Support Staff Cindy Chapman, Executive Assistant to the Vice Presidents

Public Comments There were no comments from the public.

Agenda Approval M/S/C (Koeninger/Cooper) hereby approves the agenda as presented. The agenda was approved with a 6-0 vote.

Minutes/Approval M/S/C (Cooper/Kelly) hereby approves the minutes of the regular meeting held on August 5, 2014 as submitted. The minutes were approved with a 6-0 vote.

*Quarterly Bond
Reports* **Bond Program Quarterly Status Report – December 31, 2014**
Vice President Cichocki reported that as of December 31, 2014 all bond funds had been spent and gave a brief overview of what had transpired during the last quarter of activity.

Charlie Kelly asked about the Bond Management line item. Eileen reported that the college originally entered in a contract for outside bond program management but soon realized the work would be better handled in-house. The college saved over \$2million in bond funds over the life of the program by not using an outside consultant. Wade Koeninger commented on how well the program was run by Mike Adams and Carolyn Pryor.

Wade Koeninger asked about the website. Eileen explained to him the security patch issue in December and now the timeline for working with individual departments to update their pages before the new website is rolled out.

Wade asked about accretion on page 6. 2017 is the most advantageous time to call the bonds. A couple of the members thought now would be a good time with such low interest rates. Richard Cooper asked if there is a prepayment penalty which there is and that is why we would not call the bonds at the present time.

Bond Program Financial Activity Report – 10/1/14 through 12/31/14

Presented for information. The majority of funds spent in this quarter were for the road repair project.

*Annual External
Audit Reports*

Performance Audit – June 30, 2014

The committee reviewed the Performance Audit. The objective of the Performance Audit is to determine whether proceeds from the sale of the Bonds have been used only for bond projects approved by the voters through the approval of Measure W and to determine whether bond proceeds that have been used for salary transactions were in support of Measure W and not for the District's general administration or operations. The audit found the District properly accounted for the expenditures of bond funds.

Financial Audit – June 30, 2014

The committee reviewed the Financial Audit. The audit found that the District had proper internal controls and that the financial statements accurately presented the proceeds and use of bond funds.

M/S/C (Cooper/Kelly) hereby receives the Performance Audit and Financial Audit as of June 30, 2014. The audits were received with a 6-0 vote.

*Schedule for Final
Meeting*

On June 9, 2015 at 5:00 PM in the Board Room CBOC members will meet to review and accept the final audit of the Measure W Bond program for the period July 1, 2014 through December 31, 2014. Following the bond program bylaws, CBOC will disband by June 30, 2015 after the completion of the final audit which will be conducted by Matson and Isom during the month of May. The final audit will be paid for by the District as all bond funds have been spent. The final audit will be presented to the Board of Trustees at the June 10, 2015 meeting, and a final report to the community will be completed in June 2015. Wade Koeninger asked that recognition be included in the report to the community for the excellent work provided by Mike Adams and Carolyn Pryor during the bond program. Other committee members agreed with his request. It was also agreed that the prior committee members be recognized in the report to the community.

Richard Cooper will work with local Congress members to obtain proclamations for all the past/present committee members along with Mike and Carolyn. Wade Koeninger also asked if Larry Perryman could be invited to the last meeting to recognize his work during his time as Vice President.

Wade Koeninger also asked if it is this committee's purview to make a statement that as citizens of this county they are very comfortable in terms of the

reassessment of the tax rate set each year by the County of Mendocino. The rate has never gone over the \$25 limit and for 2015 was set at \$23 per \$100,000 assessed valuation.

*Future Agenda
Items*

None

Adjournment

M/S/C (Cooper/Myers) RESOLVED, That the Mendocino-Lake Community College District Citizens' Bond Oversight Committee does hereby adjourn the meeting at 5:23 PM.

Submitted by:

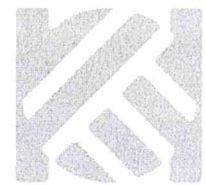
Cindy Chapman, Executive Assistant to the Vice Presidents

Mendocino-Lake Community College District

Ukiah, California

**PROPOSITION 39 AND MEASURE W GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

February 28, 2015



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Mendocino-Lake Community College District
Proposition 39 and Measure W General Obligation Bonds
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INDEPENDENT AUDITORS' REPORT

Board of Trustees and Measure W Citizens' Bond Oversight Committee
Mendocino-Lake Community College District
Ukiah, California

Report on Compliance

We have audited the Mendocino-Lake Community College District (the District) compliance with the performance requirements for the Proposition 39 and Measure W General Obligation Bonds (the Bonds) applicable to the District for the eight month period ended February 28, 2015.

Management's Responsibility

Management is responsible for the District's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the performance requirements for Proposition 39 and the Bonds that could have a material effect on compliance occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our performance audit does not provide a legal determination on the District's compliance with the specific requirements.

Opinion

In our opinion, the District complied, in all material respects, with the performance requirements referred to above that are applicable to the District for the eight month period ended February 28, 2015.

KCoe Isom, LLP

May 26, 2015
Redding, California

Mendocino-Lake Community College District
Proposition 39 and Measure W General Obligation Bonds
PERFORMANCE AUDIT

AUTHORITY FOR ISSUE

The Measure W General Obligation Bonds (the Bonds) were issued pursuant to the Constitution and Laws of the State of California (the State), including the provisions of Chapters 1 and 1.5, of Part 10, of the *California Education Code*, and other applicable provisions of law. The Bonds were authorized to be issued by a resolution adopted by the Board of Trustees of the District (the Resolution) on February 7, 2007.

The District received authorization at an election held on November 7, 2006, to issue bonds of the District in an aggregate principal amount not to exceed \$67,500,000, to finance specific construction and renovation projects approved by eligible voters within the District. The proposition received approval by at least 55% of the votes cast by eligible voters within the District (the 2006 Authorization). The Bonds represent the first and second series of the authorized bonds to be issued under the 2006 Authorization.

PURPOSE OF ISSUE

The net proceeds of the bonds, and any other series of general obligation bonds issued under the 2006 Authorization, were to be used for the purposes specified in the District bond proposition submitted at the election, which includes repairing leaky roofs, worn wiring, and plumbing; renovate aging, deteriorating classrooms and libraries; and repair, acquire, construct, and equip college buildings and computer labs.

Mendocino-Lake Community College District
Proposition 39 and Measure W General Obligation Bonds
PERFORMANCE AUDIT
(Continued)

AUTHORITY FOR THE AUDIT

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, community colleges, and county offices of education "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities," upon the approval of 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and enacting legislation (AB 1908 and AB 2659), requires the following accountability measures as codified in *California Education Code*, Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section I (b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenditures.
2. Requires that the District list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.
3. Requires the District to appoint a citizens' oversight committee.
4. Requires the District to conduct an annual independent financial audit, and performance audit in accordance with *Governmental Auditing Standards*, issued by the Comptroller General of the United States, of the bond proceeds until all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specified projects listed.

OBJECTIVES

The objectives of our performance audit are:

1. Determine whether proceeds from the sale of the Bonds have been used only for bond projects approved by the voters through the approval of Measure W.
2. Determine whether proceeds from the sale of the Bonds that have been used for salary transactions, were in support of Measure W, and not for the District's general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance procedures covered the period of July 1, 2014, to February 28, 2015. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through State or other local funding sources, other than proceeds of the Bonds, were not included within the scope of the audit.

Mendocino-Lake Community College District

Proposition 39 and Measure W General Obligation Bonds

PERFORMANCE AUDIT

(Continued)

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the eight months period ended February 28, 2015, for the Measure W General Obligation Bonds Fund. Within the period audited, we obtained the actual invoices, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure W as to the approved bond project list. We performed the following procedures:

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.
2. Select a representative sample from the population of expenditures in the Measure W General Obligation Bonds Fund to verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials and the Bonds official statement.
3. Verify that District's internal control procedures are operating according to District policies.

RESULTS OF PROCEDURES

1. The General Obligation Bond Fund expenditures were accounted for separately in the Measure W General Obligation Bonds Fund of the District.
2. We reviewed 89% of expenditures of the Measure W General Obligation Bonds Fund. Our review of the expenditures for the period July 1, 2014, through February 28, 2015, did not reveal any items that were paid from the Bonds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on November 7, 2006.
3. Our review of the internal control procedures followed on the selected invoices revealed no exceptions to the basic internal control policies of the District.

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of proceeds from the sale of the Bonds and that such expenditures were made for bond projects authorized by the voters through Measure W. Further, it was noted that proceeds from the sale of the Bonds, that were expended by the District for salaries and benefits, were used for salaries of administrators only to the extent that they perform administrative oversight work on construction projects as allowable pursuant to Opinion 04-110, issued on November 9, 2004, by the State of California's Attorney General.

MANAGEMENT COMMENTS AND RECOMMENDATIONS

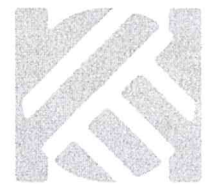
None.

Mendocino-Lake Community College District

Ukiah, California

**SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS
(ELECTION OF 2006, SERIES A AND B)
WITH INDEPENDENT AUDITORS' REPORT**

February 28, 2015



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Mendocino-Lake Community College District
General Obligation Bonds

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Mendocino-Lake Community College District
Ukiah, California

We have audited the accompanying schedule of proceeds and use of general obligation bonds (Election of 2006, Series A and B) – cash basis (the Schedule) of the Mendocino-Lake Community College District (the District) for the period ended February 28, 2015.

Management's Responsibility for the Schedule

The District's management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in note 2, the Schedule was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the schedule of proceeds and use of general obligation bonds – cash basis, referred to in the first paragraph, presents fairly, in all material respects, the proceeds and use of the District's General Obligation Bonds (Election 2006, Series A and B) for the period ended February 28, 2015, on the basis of accounting described in note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KCae Isom, LLP

May 26, 2015
Redding, California

Mendocino-Lake Community College District

General Obligation Bonds

SCHEDULE OF PROCEEDS AND USE OF GENERAL OBLIGATION BONDS (ELECTION OF 2006, SERIES A AND B) – CASH BASIS

Beginning Balance - Unspent Bond Proceeds as of July 1, 2014	\$	409,915
Interest received		127
Subtotal		410,042
Project expenditures:		
Flooring replacement		17,909
Other campus infrastructure		476,316
Library - Learning Resource Center		19,644
Student Center cafeteria		794
Modernize vocational program facilities and equipment		39,668
Enterprise resource planning and network upgrade		57,094
Lake County Center		(225,567)
Willits - Northern Mendocino County Center		10,994
Bond project management		12,430
Allied Health - nursing facility		760
Total Project Expenditures		410,042
Ending Balance - Unspent Bond Proceeds as of February 28, 2015	\$	-

The accompanying notes are an integral part of these financial statements.

Mendocino-Lake Community College District
General Obligation Bonds
NOTES TO THE SCHEDULE

1. GENERAL INFORMATION

To finance the improvement and expansion of academic facilities, the upgrading of computers and technology, and the acquisition and improvement of real property for the Mendocino-Lake Community College District (the District), the voters of Mendocino and Lake counties approved a \$67.5 million General Obligation Bond (the Bonds) issue for the District on November 7, 2006, under the provisions of Article XIII A of the Constitution of the State of California and Title I, Division 1, Part 10, Chapter 1 of the *California Education Code* (commencing at Section 15100). The Bonds were issued pursuant to provisions of the Constitution of the State of California affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. The total proceeds of \$30 million from the Series A Bond received by the District, and the net proceeds of \$37.5 million from the Series B Bond are to be spent on construction, renovation, equipment, and land acquisition for various approved projects.

The specific projects approved by the District Board of Trustees to be funded by the Bond proceeds include:

- Disabled access improvements
- Flooring replacement
- HVAC upgrades and additions
- Other campus infrastructure
- Renovation for instructional and student service expansion
- Replace equipment - theater, recording studio, physical education
- Solar technology - energy generation
- Technology upgrades in classrooms
- Athletic field improvements and renovation
- Reroof Agriculture Headhouse
- Reroof Center for Visual and Performing Arts
- Reroof Child Care Center
- Reroof Physical Education building
- Reroof Vocational - Technology building
- Library - Learning Resource Center
- Student Center cafeteria (renovate current library building)
- Maintenance – warehouse
- Modernize vocational program facilities and equipment

Mendocino-Lake Community College District
General Obligation Bonds
NOTES TO THE SCHEDULE
(Continued)

Enterprise resource planning and network upgrade
Lake County Center
Willits - Northern Mendocino County Center
Bond project management
Reroof Court Center buildings
Distance education technology
Allied Health - nursing facility
Media - Computer Graphics Lab
Point Arena Field Station
Energy projects
Scheduled maintenance funds for new buildings
Parking lot expansion and upgrades

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The schedule of proceeds and use of general obligation bonds has been prepared on the cash basis of accounting, where the receipts of bond proceeds are reported when received and the disbursements of expenditures from bond funds are reported when paid.

Bond Proceeds Bond proceeds are recorded at face value (discounted value for capital appreciation bonds) with bond premiums and issuance costs shown as separate items.

Project Expenditures Expenditures are recognized when payments for approved projects are made.

3. BONDED DEBT

The general obligation bond, Series A, beginning March 29, 2007, matures on August 1, 2031, and bears interest ranging from 4.0% to 5.0%. The general obligation bond, Series B, beginning August 16, 2011, matures August 1, 2051, and bears interest ranging from 2.00% to 11.750%. The outstanding balances as of February 28, 2015, are as follows:

	Outstanding June 30, 2014	Issued Current Period/ Accretion	Redeemed Current Period	Outstanding February 28, 2015
Series A	\$ 26,900,000	\$ -	\$ 360,000	\$ 26,540,000
Series B	\$ 42,015,840	\$ 1,434,192	\$ 53,501	\$ 43,396,531

Mendocino-Lake Community College District
General Obligation Bonds
NOTES TO THE SCHEDULE
(Continued)

The annual debt service requirements to amortize the Series A and B bonds payable, outstanding as of February 28, 2015, are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 475,001	\$ 1,980,680	\$ 2,455,681
2017	573,255	2,021,306	2,594,561
2018	637,661	2,013,955	2,651,616
2019	775,181	2,022,560	2,797,741
2020	1,012,092	1,942,399	2,954,491
2021-2025	6,707,428	10,970,853	17,678,281
2026-2030	11,364,392	11,956,689	23,321,081
2031-2035	9,101,855	21,387,093	30,488,948
2036-2040	10,167,705	29,949,721	40,117,426
2041-2045	15,722,629	37,087,515	52,810,144
2046-2050	4,671,014	65,678,282	70,349,296
2051-2054	1,728,078	32,336,091	34,064,169
Total	\$ 62,936,291	\$ 219,347,144	\$ 282,283,435

Accretion

General obligation bonds as of February 28, 2015, have been increased by \$7,000,240 to include accumulated accretion of the capital appreciation bonds.

Mendocino-Lake Community College District

General Obligation Bonds

NOTES TO THE SCHEDULE

(Continued)

4. RECONCILIATION BETWEEN CASH AND ACCRUAL BASIS

The following is a reconciliation of project expenditures between the cash and accrual basis of accounting for the period from July 1, 2014, through February 28, 2015, and includes cumulative totals to date:

	February 28, 2015			2014		2015	February 28, 2015	Previous Years	Total
	Cash Basis						Accrual Basis	Accrual Basis	
	Expenditures	Payables	Receivables	Payables	Receivables	Expenditures	Expenditures	Expenditures	
Disabled access improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,201	\$ 151,201	
Flooring replacement	17,909	-	-	-	-	17,909	218,138	236,047	
HVAC upgrades and additions	-	-	-	-	-	-	318,542	318,542	
Other campus infrastructure	476,316	(1,380)	-	-	-	474,936	880,969	1,355,905	
Renovation for instructional and student service expansion	-	-	-	-	-	-	496,156	496,156	
Replace equipment - theater, recording studio, P.E.	-	-	-	-	-	-	477,427	477,427	
Solar technology - energy generation	-	-	-	-	-	-	1,427,198	1,427,198	
Technology upgrades in classrooms	-	-	-	-	-	-	298,448	298,448	
Reroof Agriculture Headhouse	-	-	-	-	-	-	59,441	59,441	
Reroof Center for Visual and Performing Arts	-	-	-	-	-	-	333,010	333,010	
Reroof Child Care Center	-	-	-	-	-	-	45,624	45,624	
Reroof Physical Education building	-	-	-	-	-	-	454,327	454,327	
Reroof Voc/Tech building	-	-	-	-	-	-	199,607	199,607	
Athletic field improvements and renovation	-	-	-	-	-	-	750,665	750,665	
Library - Learning Resource Center	19,644	(8,040)	-	-	-	11,604	23,784,195	23,795,799	
Student Center cafeteria (renovate current Library bldg.)	794	(794)	-	-	-	-	3,914,335	3,914,335	
Maintenance - warehouse	-	-	-	-	-	-	4,698,152	4,698,152	
Modernize vocational program facilities and equipment	39,668	(2,647)	-	-	-	37,021	484,865	521,886	
Enterprise resource planning and network upgrade	57,094	(43,119)	-	-	-	13,975	4,667,236	4,681,211	
Lake County Center	(225,567)	(43)	225,610	-	-	-	13,645,226	13,645,226	
Willits - Northern Mendocino County Center	10,994	(807)	-	-	-	10,187	6,868,968	6,879,155	
Bond project management	12,430	(1,646)	-	-	-	10,784	1,988,792	1,999,576	
Reroof Court Center buildings	-	-	-	-	-	-	75,036	75,036	
Distance Education Technology	-	-	-	-	-	-	-	-	
Allied Health - nursing facility	760	(760)	-	-	-	-	2,307,303	2,307,303	
Media - Computer Graphics Lab	-	-	-	-	-	-	93,977	93,977	
Point Arena Field Station	-	-	-	-	-	-	153,437	153,437	
Energy projects	-	-	-	-	-	-	751,792	751,792	
Scheduled maintenance funds for new buildings	-	-	-	-	-	-	-	-	
Parking lot expansion and upgrades	-	-	-	-	-	-	-	-	
Program Total	\$ 410,042	\$ (59,236)	\$ 225,610	\$ -	\$ -	\$ 576,416	\$ 69,544,067	\$ 70,120,483	

Mendocino-Lake Community College District
General Obligation Bonds

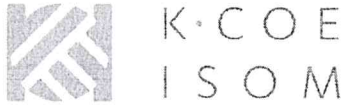
NOTES TO THE SCHEDULE

(Continued)

5. COMMITMENTS AND CONTINGENCIES

Construction Contracts

The District has no outstanding construction commitments related to these bond funds at February 28, 2015.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Mendocino-Lake Community College District
Ukiah, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of proceeds and use of general obligation bonds (Election of 2006, Series A and B) – cash basis (the Schedule) of the Mendocino-Lake Community College District (the District) as of and for the period ended February 28, 2015, and the related notes to the Schedule, and have issued our report thereon dated May 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of the testing, and not to provide an opinion of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KCoe Isom, LLP

May 26, 2015
Redding, California



Mendocino-Lake Community College District

Citizens' Bond Oversight Committee

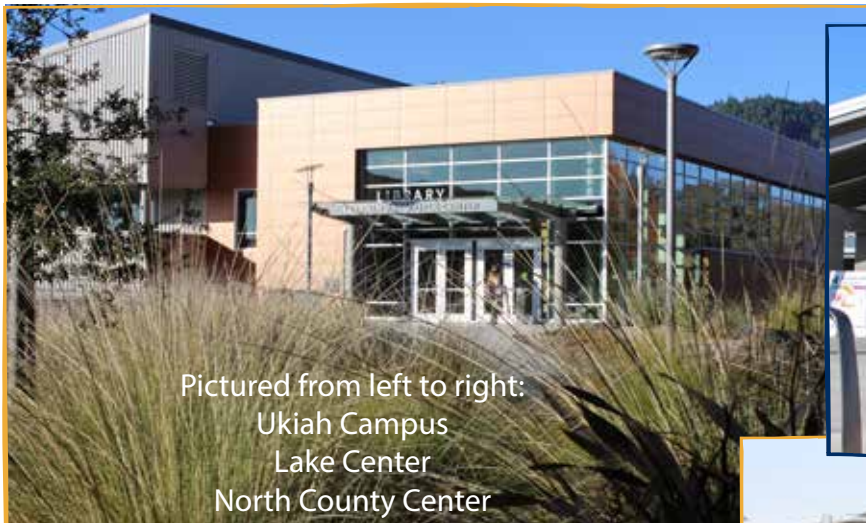
"Opening Doors for Student Success!"

REPORT TO THE COMMUNITY



MEASURE W FACILITY BOND FUNDS

On November 7, 2006, voters in the Mendocino-Lake Community College District (MLCCD) passed Measure W, authorizing \$67.5 million in facility bond funds. Measure W encompassed 30 construction and renovation projects that included the Ukiah campus, Lake Center and the Willits/North County Center. The first Bond issuance, in the amount of \$30 million, took place in March 2007 and the second bond issue occurred in August of 2011 in the amount of \$37.5 million. All bond funds were expended by December 31, 2014.



Pictured from left to right:
Ukiah Campus
Lake Center
North County Center



CITIZENS' BOND OVERSIGHT COMMITTEE

Tami Bartolomei, Business Representative • Ukiah
Charlie Kelly, Tax Payer Association Representative • Ukiah
Richard Cooper, Foundation Representative • Ukiah
Charley Myers, Senior Citizens' Organization
Representative • Redwood Valley
At-Large Members: Diane Clatty • Redwood Valley
Matt Cockerton • Lakeport; Wade Koeninger • Ukiah

BOND IMPLEMENTATION PLANNING COMMITTEE

Arturo Reyes, Superintendent/President
Eileen Cichocki, VP - Administrative Services, BIPC Chair
Virginia Guleff, VP - Education/Student Services
Karen Christopherson, Director - Information Technology
Barbara French, Director - Nursing (Faculty member)
John Koetzner, Head Librarian (Faculty member)
John Loucks, Telecommunications Technician (Classified member)
Steve Oliveria, Director - Maintenance & Operations

INDEPENDENT AUDIT AND PERFORMANCE REPORT

PERIOD ENDING FEBRUARY 28, 2015

The Committee received the District's Independent Auditors' Report for the financial activity for the bond proceeds as of February 28, 2015. This report was prepared by K+Coe Isom, Certified Public Accountants, in accordance with the requirement for a separate review of financial activity per the provisions of Proposition 39.

Mendocino-Lake Community College District has properly accounted for the expenditures of the Measure W General Obligation Bond. The funds were not used for salaries of school administrators or other operating expenditures.

For the latest information about projects, go to "Measure W" at our website: www.mendocino.edu



Mendocino-Lake Community College District

Citizens' Bond Oversight Committee *"Opening Doors for Student Success!"*

REPORT TO THE COMMUNITY

THANK YOU TO THE COMMUNITY!

MEASURE W BOND PROGRAM - AUDITED ACTUALS

Bond Proceeds	\$67,500,000
Interest Earned	\$2,620,691
TOTAL REVENUE	\$70,120,691

Disabled Access Improvements	\$151,213
Energy Projects	\$751,793
Flooring Replacement	\$236,047
HVAC Upgrades and Additions	\$318,542
Other Campus Infrastructure	\$1,355,905
Point Arena Field Station	\$153,437
Renovation for Instructional & Student Service Expansion	\$496,156
Replace Equipment - Theater, Recording Studio, P.E.	\$477,426
Solar Technology - Energy Generation	\$1,427,198
Technology Upgrades in Classrooms	\$298,449
Re-roof Court Center Buildings	\$75,036
Re-roof Agriculture Headhouse	\$59,441
Re-roof Center for Visual and Performing Arts	\$333,010
Re-roof Child Care Center	\$45,624
Re-roof Physical Education Building	\$454,327
Re-roof Voc/Tech Building	\$199,607
Allied Health/Nursing Facility	\$2,307,304
Athletic Field Improvements and Renovation	\$750,664
Library/Learning Resource Center	\$23,795,796
Student Center Cafeteria (renovate current Library Bldg.)	\$3,914,335
Maintenance/Warehouse	\$4,698,153
Media/Computer Graphics Lab	\$93,977
Modernize Vocational Program Facilities and Equipment	\$521,886
Enterprise Resource Planning and Network Upgrade	\$4,681,210
Lake County Center	\$13,645,225
Willits/North County Center	\$6,879,146
Bond Project Management	\$1,999,783

TOTAL EXPENDITURES	\$70,120,691
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We would also like to acknowledge the following individuals who donated their time to serve on the Citizens' Bond Oversight Committee since its inception in 2007:

Marty Lombardi, Jim Mulheren, Gary D. Smith, Sabra Lughart, George Feola, Myron Holdenried, Bill Jack, Joanne LaCasse, Diane Pauli, Timothy Poma, Xiao Hui Lau, Dave Geck, Michelle Chung, Richard Eschenbach, Jake McGrew and the late Al Beltrami.

MENDOCINO COLLEGE BOARD OF TRUSTEES

Joel Clark • Hopland

Paul Ubelhart • Willits

John Tomkins, President • Lakeport

Janet Chaniot • Potter Valley

Joan Eriksen • Ukiah

David Geck, Clerk • Kelseyville

Edward Haynes, Vice President • Ukiah

Nayeli Castaneda • Student Trustee

Special thanks to Mike Adams, former Director of Facilities Planning and Carolyn Pryor for their dedication and hard work in making this bond program a major success!

For the latest information about projects, go to "Measure W" at our website: www.mendocino.edu