

OHLONE COMMUNITY COLLEGE DISTRICT
Fremont, California

MEASURE G GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

June 30, 2012

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CONTENTS

REPORT OF INDEPENDENT AUDITORS.....	1
BACKGROUND:	
LEGISLATIVE HISTORY	2
OHLONE COMMUNITY COLLEGE DISTRICT MEASURE G GENERAL OBLIGATION BONDS	2
PERFORMANCE AUDIT:	
OBJECTIVES	4
SCOPE	4
METHODOLOGY	4
CONCLUSIONS	4

REPORT OF INDEPENDENT AUDITORS

Members of the Board of Trustees
Ohlone Community College District
Fremont, California

We have conducted a performance audit of the Ohlone Community College District (the "District") 2010 General Obligation Bonds ("Measure G") funds for the year ended June 30, 2012.

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 reasonable basis for the findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 4 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure G 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 Ohlone 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 Ohlone 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.

The results of our tests indicated that, in all significant respects, Ohlone Community College District expended Measure G General Obligation Bond funds for the year ended June 30, 2012 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
December 12, 2012

OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G 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.

OHLONE COMMUNITY COLLEGE DISTRICT MEASURE G GENERAL OBLIGATION BONDS

On November 2, 2010, the electorate of the Ohlone Community College District approved the issuance of up to \$349 million Measure G General Obligation Bonds, with greater than 55% of the votes in favor. A summary of the text of the ballot language was as follows:

"To improve and continue affordable college education, job training/workforce preparation by constructing/acquiring equipment/sites/facilities and making repairs/upgrades, including:

- *Renovating classrooms/science laboratories*
- *Acquiring up-to-date classroom technology*
- *Upgrading for earthquake/fire safety*
- *Improving disabled access*

Shall Ohlone Community College District issue \$349,000,000 of bonds, at legal rates with all funds spent locally, independent citizens' oversight, annual audits, no money for administrators' salaries?"

The District's Board of Trustees approved the following Bond Project List for the General Obligation Measure G Bond. See Project List attached.

(Continued)

OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION

OHLONE COMMUNITY COLLEGE DISTRICT MEASURE G GENERAL OBLIGATION BONDS
(Continued)

In October 2011, the District issued \$70,000,000 and \$10,000,000 in 2010 General Obligation Bonds, Series A and Series A-1, respectively. The Series A Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities approved by the District's registered voters and to pay the cost of issuance associated with the Bonds. The Series A-1 Bonds are being issued to fund a technology endowment. The Series A and Series A-1 bonds will both mature beginning on August 1, 2012 and have an interest rate ranging between 2.00% and 5.00%.

The financial activity related to the Series 2010 General Obligation Bonds ("Measure G") is recorded in the District's Financial Activity Report for Fund 43 (Bond Revenue Construction Fund).

OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure G General Obligation Bond funds for the year ended June 30, 2012 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 G General Obligation Bond project expenditures for the year ended June 30, 2012 (the "List"). An approximate total of 75 transactions were identified, representing \$14,400,953 in expenditures from July 1, 2011 through June 30, 2012.

METHODOLOGY

We performed the following procedures to the List of Measure G General Obligation Bond project expenditures for the year ended June 30, 2012:

- 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, 2012 presented as the Bond Revenue Construction (Measure G) Fund.
- Selected a sample of 22 expenditures totaling \$11,816,426 from Measure G. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verify that the expenditures were for authorized projects, and were to renovate classroom/laboratories, acquiring up-to-date classroom technology, upgrading for earthquake/fire safety, and improving disabled access.

CONCLUSION

The results of our tests indicated that, in all significant respects, Ohlone Community College District expended Measure G General Obligation Bond funds for the year ended June 30, 2012 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.

PROJECT LIST

Measure G Bond Projects as of June 30, 2012

PROJECT NAME	BUDGET
Renewable Energy Generation	\$30,420,000
Quick Fix: Imminent Failure	\$5,000,000
Quick Fix: Safety and Accessibility	\$2,000,000
Renovate Building 1	\$37,867,557
South Parking Structure	\$19,500,000
Renovate Building 9	\$17,900,155
Building 3 and 4 Replacement	\$15,394,142
Arts Building Complex	\$15,104,072
Renovate Building 5	\$12,891,388
North Parking Structure	\$7,800,000
Fixtures, Furniture, Equipment (FFE) for New & Modernized Buildings (PH2)	\$7,800,000
Fixtures, Furniture, Equipment (FFE) for New & Modernized Buildings (PH 3)	\$6,500,000
Fixtures, Furniture, Equipment (FFE) for New & Modernized Buildings (PH1)	\$5,200,000
Hillside Image and Accessibility Improvements (PH 1)	\$4,334,850
Roof Repair/Replacement	\$4,322,500
Newark Maintenance/Warehouse Building	\$2,600,000
Site Lighting Upgrades	\$2,600,000
Campus-Wide Landscape Repairs and Upgrades, Tree Removal and Replacement, Erosion Control	\$2,600,000
Parking and Site Improvements	\$2,215,850
Hillside Image and Accessibility Improvements (PH 2)	\$2,167,425
Hillside Image and Accessibility Improvements (PH 3)	\$2,167,425
New Parking Lot L	\$1,950,000
Relocated Baseball Field	\$1,755,000
Instructional Technology (Computers, LCDS, Flat Screens, etc) - (PH 2)	\$1,560,000
Instructional Technology (Computers, LCDS, Flat Screens, etc) - (PH 3)	\$1,560,000
Newark Soil Remediation	\$1,300,000
Library Plaza Improvements - North Side	\$1,300,000
Site Security Systems	\$1,300,000
Quick Fix: Way-finding and Landscape	\$1,000,000
Field House/Snack Shack for Baseball Field	\$975,000
Newark Additional Parking (300 spaces)	\$975,000
Softball Field Improvements	\$910,000
Sidewalk, Ramp and Plaza Repairs/Replacement	\$910,000
Field House	\$858,000
Newark Environmental Studies Lab Building	\$780,000
Construct North/South Road Behind Mission Boulevard Frontage Development	\$780,000
Bus Stop Concrete "Skid" Pads	\$780,000
Road Repair, Resurfacing and Replacement	\$686,000
Multipurpose Soccer Practice Field	\$676,000
Campus Entry Improvements	\$650,000
Newark Loop Roadway Improvements	\$585,000
Main Street Improvements - North Side	\$559,000
Bird (Swallow) Environmental Alternatives	\$520,000
Campus Way-finding Signage	\$520,000
Main Street Improvements - South Side	\$468,000
Library Plaza Improvements - South Side	\$455,000
Hazardous Material Abatement and Removal	\$390,000
Café/Event/Drop Off Structure	\$208,000
Enhance environment around the upper pond	\$195,000
Wetland Living/Learning Environment	\$195,000
Open Anza Pine Road at Hillside	\$105,300
Science Building Complex	\$24,420,052
Site Utility Infrastructure Improvements	\$10,400,000
Planning Assessments and Program Management	\$5,000,000
Relocate Soccer Field	\$1,705,600
Information Technology Infrastructure Upgrades	\$2,275,000
Instructional Technology (Computers, LCDS, Flat Screens, etc) - (PH 1)	\$1,560,000
Contingency, Inflation, District Support and Project Management	\$72,348,684
TOTALS:	\$349,000,000