

COAST COMMUNITY COLLEGE DISTRICT

**PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT**

Fiscal Year Ending June 30, 2010

COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT

June 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The Measure C Citizens' Oversight Committee
Coast Community College District
1370 Adams Avenue
Costa Mesa, California 92626

We have conducted a performance audit of the Coast Community College District's (the "District"), Measure C General Obligation Bond funds for the year ended June 30, 2010.

We conducted our performance audit in accordance with *Governmental 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.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the Coast Community College District's 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 the Coast 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 control of Coast Community College District's 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, Coast Community College District expended Measure C General Obligation Bond funds for the year ended June 30, 2010 only for the 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.

Vicenti, Lloyd & Stutzman LLP
VICENTI, LLOYD & STUTZMAN LLP

November 29, 2010

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BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions. On November 5, 2002, a general obligation bond proposition (Measure C) of the Coast Community College District (District) was approved by the voters of the District. Measure C authorized the District to issue \$370,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

On April 17, 2003, the District issued its Series 2003A for \$110,000,000 of current interest bonds. The proceeds were used to finance the construction, acquisition, and modernization of certain property and District facilities.

On March 10, 2005, The District issued 2005 General Obligation Refunding Bonds (the Refunding Bonds) for \$74,893,867. The proceeds of which are being used to advance refund and defease the District's Series A bonds.

On June 28, 2006, the District issued its Series B and C for \$149,859,831 and \$110,140,169, respectively. The proceeds of which are to be used to construct and modernize educational facilities at the District's colleges, to fund an escrow account to prepay the District's outstanding 1997 Certificates of Participation, to fund an escrow account to reimburse the District loan payments with respect to the District's loan agreement with the State Energy and Water Efficiency Revenue Bond Project, and to pay all necessary legal, financial and contingent costs in connection with the issuance of the bonds.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District established a Citizens' Bond Oversight Committee and appointed its members. The principal purpose of the Citizens' Bond Oversight Committee, as set out in State law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure C bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

Section 1(b)(3)(C) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Revenue Bond Construction Fund - Measure C Bond Program have been expended only for the authorized bond projects.

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OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Coast Community College District Revenue Bond Construction Fund - Measure C Bond Program.
- Determine whether expenditures charged to the Revenue Bond Construction Fund - Measure C Bond Program, have been made in accordance with the bond project list approved by the voters through the approval of Measure C in November 2002.
- Note any incongruities or system weaknesses and provide recommendations for improvement.
- Provide the District Board and the Measure C Citizens' Bond Oversight Committee with a performance audit as required under the provisions of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2009 to June 30, 2010. The 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 other State or local funding sources, other than the proceeds of the bonds, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2010 were not reviewed or included within the scope of our audit or in this report.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure summary reports and detail prepared by the District for the period of July 1, 2009 to June 30, 2010, for the Revenue Bond Construction Fund - Measure C Bond Program. 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 Proposition 39 and Measure C as to the bond projects. We performed the following procedures:

- We reviewed the projects listed to be funded with general obligation bond proceeds as set out in the Measure C election documents.
- We selected a sample of expenditures for the period under audit and reviewed supporting documentation to ensure that such funds were properly expended on the authorized bond projects.
- We verified that funds from the Revenue Bond Construction Fund – Measure C Bond Program were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects and we verified that funds held in the Revenue Bond Construction Fund - Measure C Bond Program were not used for salaries of District administrators or other operating expenses of the District.

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RESULTS OF PROCEDURES

The District has incurred cumulative total costs of \$345,222,587 through June 30, 2010 of which \$37,212,882 were expended during fiscal year ended June 30, 2010. The Board approved projects are outlined below:

Project Expenditures:	
<i>District Facilities</i>	
Upgrade Information Systems Implement	\$ 121,493
DW Admin Accounts	<u>80,090</u>
<i>Total Expenditures for District Facilities</i>	\$ 201,583
<i>Orange Coast College</i>	
Upgrade Auditorim Music Complex	35,903
CHS and Lab Sciences	4,995,081
Upgrade Lewis Center - Applied Science	101,094
Student Center	1,014,926
Upgrade Women's Locker Room - Sailing Center	6,825
Landscape Project	70,845
Special Student Service	488,506
Upgrade Softball Field	1,381,917
Upgrade Fitness Center	5,553
Upgrade Information Technology System Phase I	13,947
East / West Campus Utility Upgrade	30,920
Upgrade Utility Infrastructure	6,221
Upgrade Parking Lots	62,494
Campus - Wide Signage	24,087
New - Interdisciplinary Building	76,391
Temporary Modular Buildings	241,138
Upgrade Student Services	61,017
Technology Mechanical Controls	579
Miscellaneous Planning	<u>1,444</u>
<i>Total Expenditures for Orange Coast College</i>	8,618,888
<i>Golden West College</i>	
Upgrade Utilities Campuswide Phase 1	(106,718) *
Health Science Expand Nursing Facility	7,550
Administration Facility Planning	9,135
Upgrade Classrooms Phase 1	142,210
Learning Resource Center	<u>13,107,751</u>
<i>Total Expenditures for Golden West College</i>	13,159,928
<i>Coastline College</i>	
New Westminster Learning Center	30,000
Newport Beach Learning Center	<u>15,202,483</u>
<i>Total Expenditures for Coastline College</i>	<u>15,232,483</u>
Total Project Expenditures for the Period from July 1, 2009 through June 30, 2010	<u>\$ 37,212,882</u>

* Expense is net of rebate check

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CONCLUSION

The results of our tests indicated that, in all significant respects, the Coast Community College District has properly accounted for the expenditures of the funds held in the Revenue Bond Construction Fund – Measure C Bond Building Fund and that such expenditures were made on authorized bond projects. Further, it was noted that the funds held in the Revenue Bond Construction Fund – Measure C Bond Program and expended by the District were not expended for salaries of school administrators or other operating expenditures.

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SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2010

There were no findings and responses for the fiscal year ended June 30, 2010.

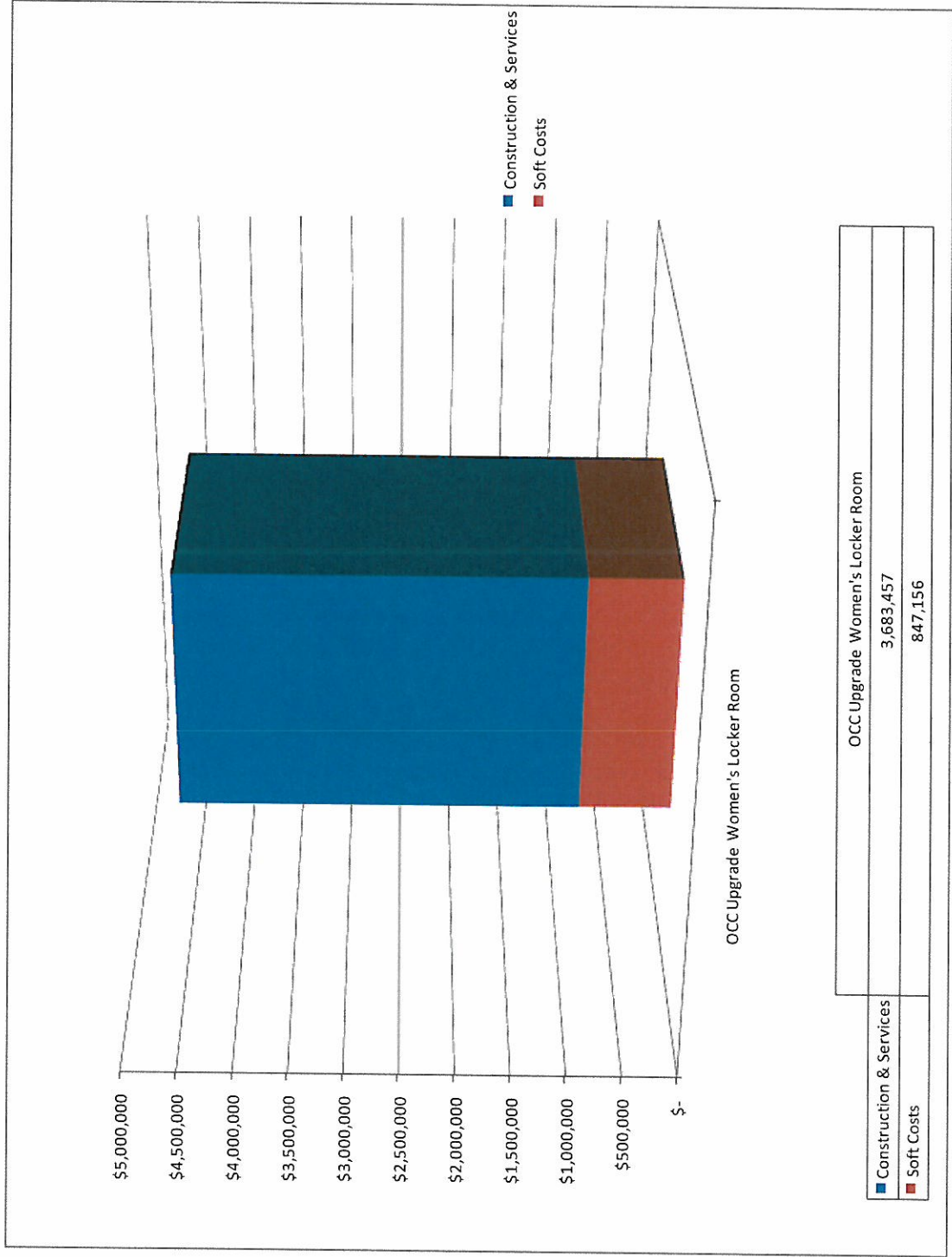
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SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2010

There were no findings and responses for the fiscal year ended June 30, 2009.

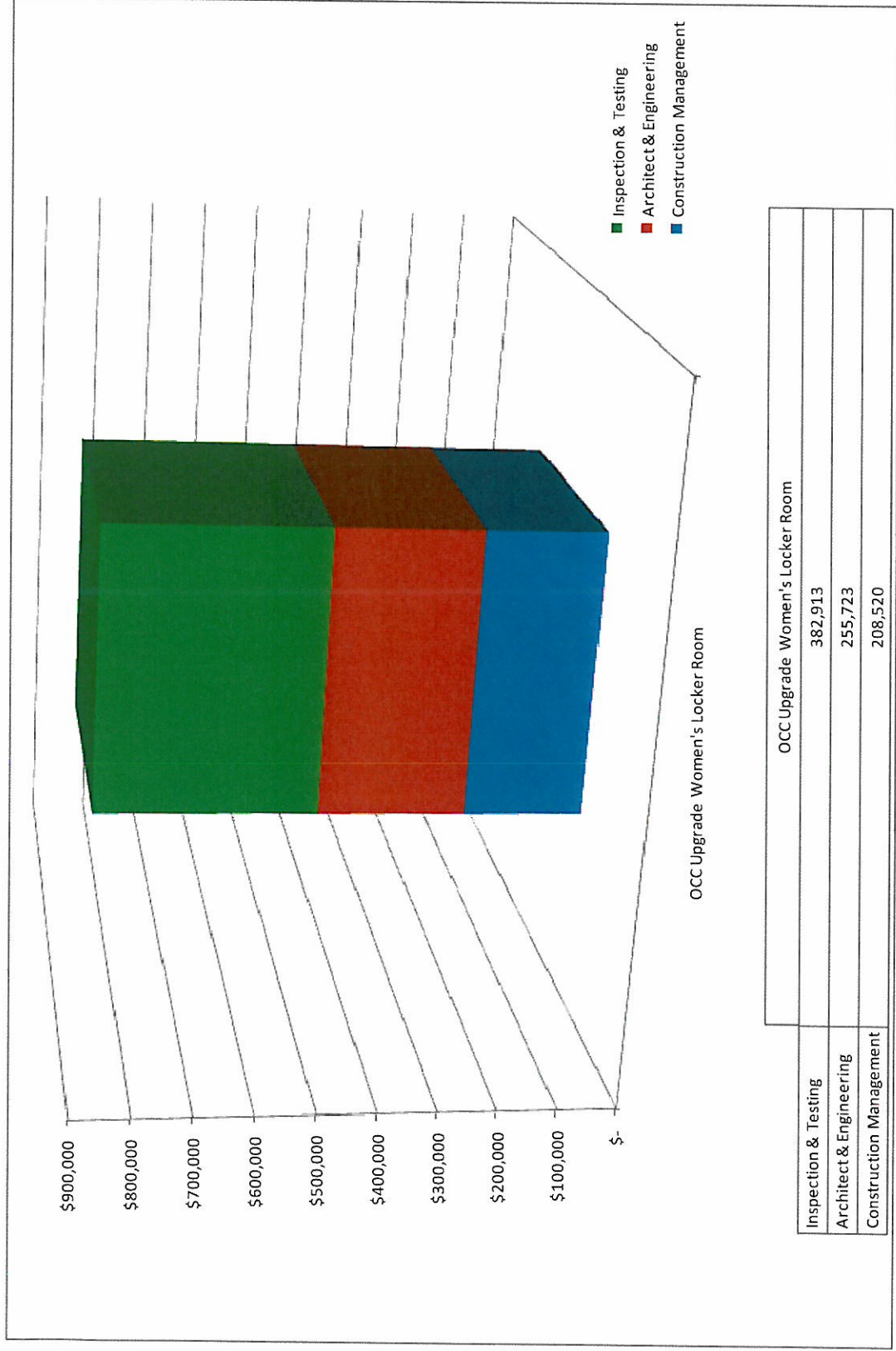
SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT

COMPLETED PROJECTS – CUMULATIVE COSTS BY EXPENDITURE TYPE
 Cumulative as of June 30, 2010

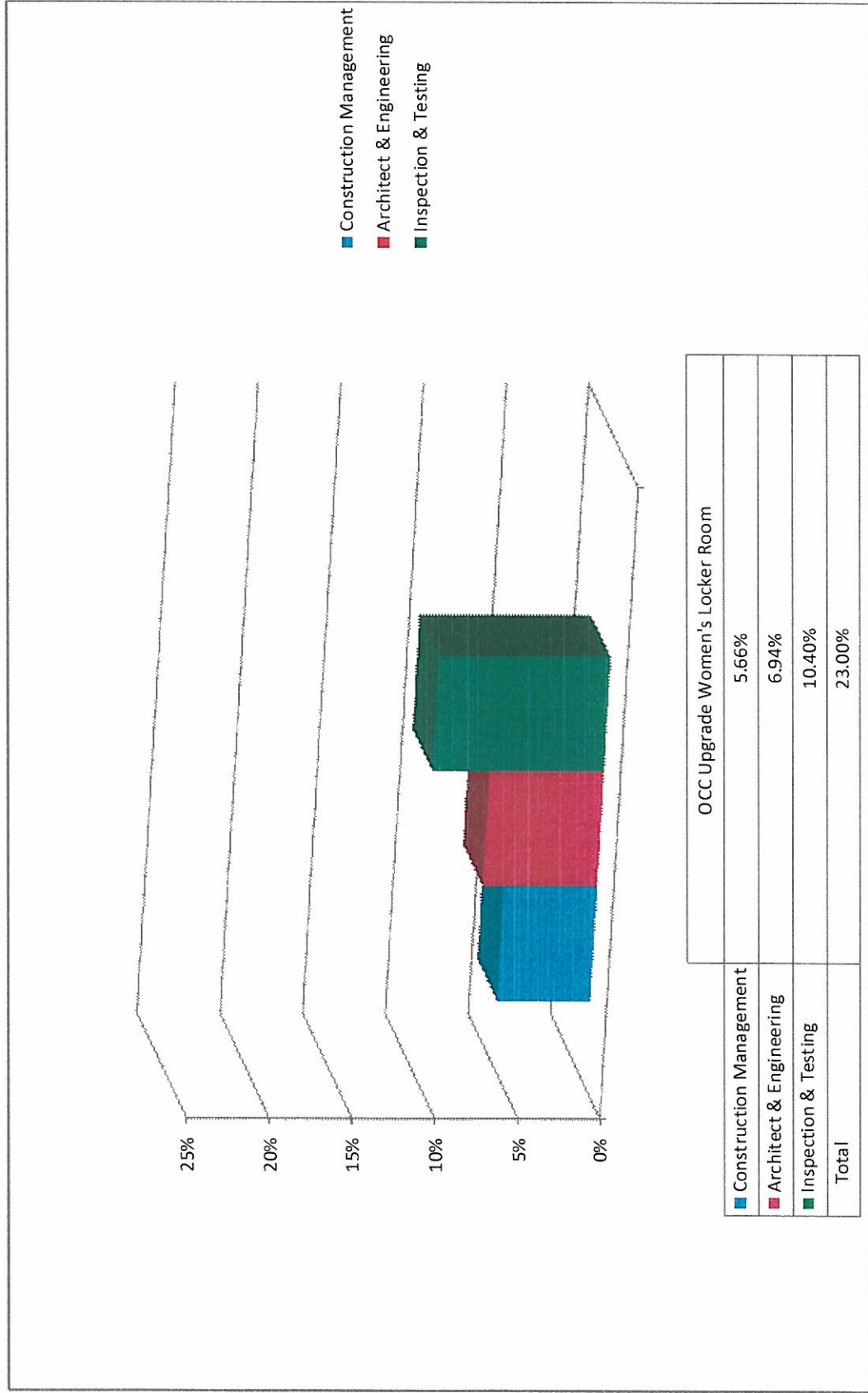


COAST COMMUNITY COLLEGE DISTRICT
BREAKDOWN OF CUMULATIVE SOFT COSTS BY CATEGORY
 Cumulative as of June 30, 2010



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CUMULATIVE SOFT COST CATEGORIES AS A PERCENT OF CONSTRUCTION COSTS
 Cumulative as of June 30, 2010



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NOTE TO SUPPLEMENTARY INFORMATION
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COMPLETED PROJECT SOFT COST ANALYSIS

At the District's request we have included a compilation and comparison of project soft costs for projects that have been completed by the District during fiscal year 2009-10 and for which full costs had been reflected as of June 30, 2010.

The project reported here is: OCC Upgrade to Woman's Locker Room. The three sets of charts and tables included reflect the following:

- Chart 1- "Completed Projects – Cumulative Costs by Expenditure Type" illustrates the total cumulative project cost including construction and soft costs for the projects identified above.
- Chart 2- "Breakdown of Cumulative Soft Costs by Category" groups total cumulative soft costs for the project by Inspection and Testing, Architect and Engineering, and Construction Management.
- Chart 3- "Cumulative Soft Cost Categories as a Percent of Construction Costs" illustrates total cumulative soft cost by each of the categories as a percent of construction costs and then "Total" soft costs as a percent of construction costs. This is intended to give a sense of the proportion of the soft cost elements within the project. Construction cost was used as the base because this is generally the most important driver of soft costs.