

COAST COMMUNITY COLLEGE DISTRICT

PROPOSITION 39 GENERAL OBLIGATION BONDS
MEASURE C BOND PROGRAM
PERFORMANCE AUDIT
For Fiscal Year Ended June 30, 2005

COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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June 30, 2005

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Measure C Citizens' Oversight Committee
Coast Community College District

We have examined the Coast Community College District's compliance with the performance requirements for the Proposition 39/Measure C General Obligation Bonds for the period ended June 30, 2005, 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. Our responsibility is to express an opinion on the Coast Community College District's compliance with such requirements thereof based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Coast Community College District's compliance with specified requirements.

In our opinion the Coast Community College District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2005.

Vicenti, Lloyd & Stutzman LLP
Vicenti, Lloyd & Stutzman, LLP

November 20, 2005

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OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Coast Community College District Building Fund — Measure C Bond Program.
- Determine whether expenditures charged to the Building 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' 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, 2004 to June 30, 2005. 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, 2005 were not reviewed or included within the scope of our audit or in this report.

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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. In November 2002, a general obligation bond proposition (Measure C) of the Coast Community College District was approved by the voters of that District. Measure C authorized the District to issue up to \$370,000,000 of general obligation bonds to finance various capital projects and related costs, as specified in the bond measure provisions.

Pursuant to the requirements of Proposition 39, and related State legislation, the Board of Trustees of the District has established a Citizens' Oversight Committee and appointed its initial members. The principal purpose of the Citizens' 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' 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 Building Fund — Measure C Bond Program have been expended only for the authorized bond projects.

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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, 2004 to June 30, 2005, for the Building Fund - Measure C Bond Program.

District project expenditure summary reports to the Citizens Oversight Committee show the following allocation of expense and activity during the 2004-05 Fiscal Year.

- The total number of projects with reported expenditures during the 2004-2005 Fiscal Year was: Orange Coast College – 29, Golden West College – 13, Coastline College – 3, and District – 2, for a total of 47 projects with reported expenditures during the year.
- Total expenditures reported for each location during the 2004-2005 Fiscal Year were: \$13,127,831 at Orange Coast College, \$8,496,383 at Golden West College, \$7,876,195 at Coastline College and \$2,289,882 at the District. In addition there were also \$552,107 in district wide planning and program administration costs and \$6,672 in transfers resulting in total reported expenditures of \$32,359,060 during the 2004-05 Fiscal Year.

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 Building 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 Building Fund - Measure C Bond Program were not used for salaries of school administrators or other operating expenses of the District.

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CONCLUSION

Based upon our procedures performed, we found that for the items tested, the Coast Community College District has properly accounted for the expenditures of the funds held in the Building Fund - Measure C Bond Program and that such expenditures were made for authorized bond projects. Furthermore, it was noted that the funds held in the Building 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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REVIEW OF COMPLETED PROJECT SOT COSTS

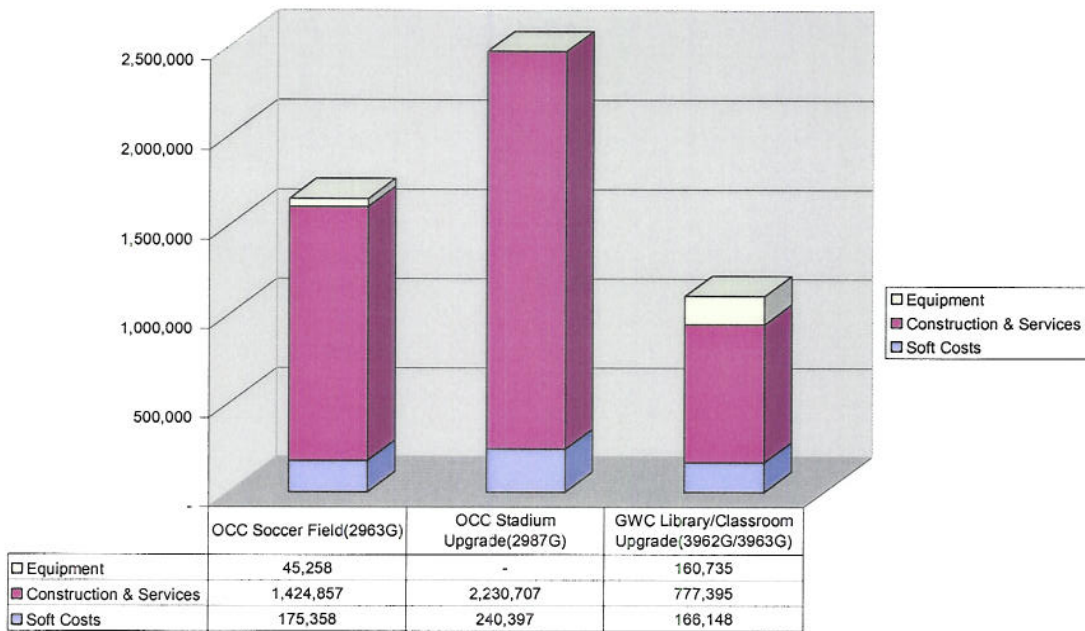
At the district's request, we have included a compilation and comparison of project soft costs for projects that have been completed by the district and for which full costs had been reflected as of June 30, 2005. It should be noted that there were four projects reflected as completed for which all costs had not been reflected as of June 30, 2005. Those projects would be reported when final costs have been accumulated. It should also be noted that overall program administration costs accumulated at the district and campus level are not included.

The projects reported here are Orange Coast College's Soccer Field and Stadium Renovation Projects and Golden West College's Library/Classroom Upgrade. The costs presented are those reported in the last financial report provided to the Citizens' Oversight Committee. The three sets of charts and tables included reflect the following:

- Chart 1- "Completed Project Costs by Major Expenditure Type" illustrates the total project cost including equipment, construction, and soft costs for each of the three projects.
- Chart 2- "Soft Costs by Expenditure Category" groups soft costs for the projects by Architectural and Engineering, Inspection and Testing, and Construction Management.
- Chart 3- "Soft Costs as a Percent of Construction Costs" illustrates each of the soft cost 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 each project. Construction cost was used as the base because this is generally the most important driver of soft costs. As you can see from the chart, soft cost percentages varied from 10.78% to 21.37%.

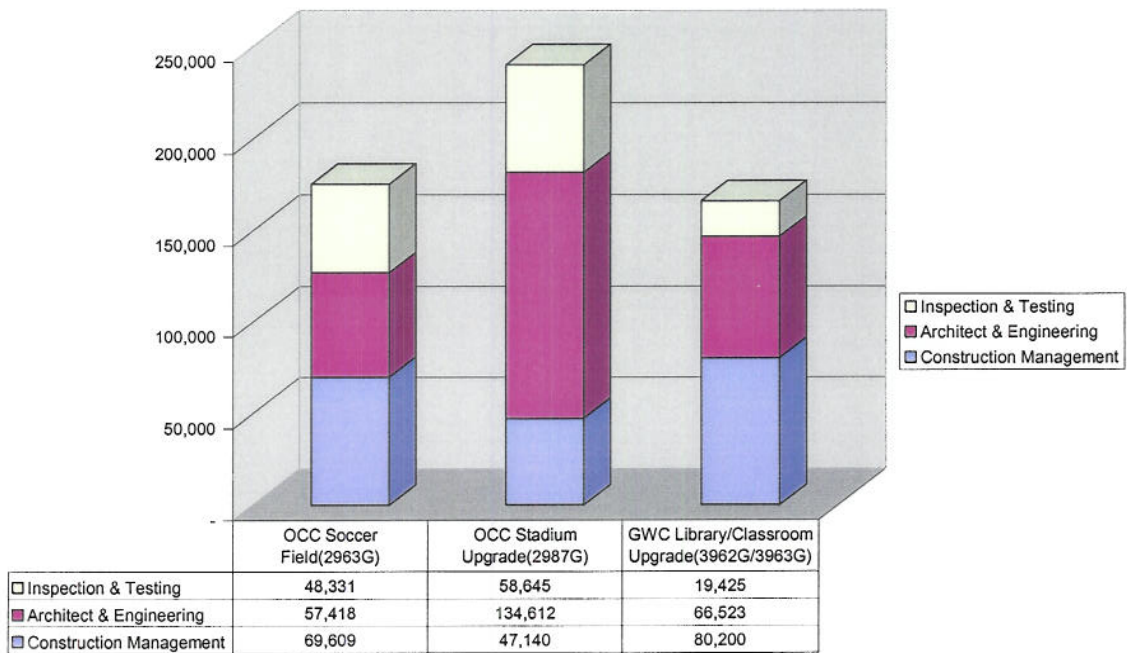
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Completed Project Costs by Expenditure Type



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Breakdown of Soft Cost by Category



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Softcost Categories as Percent of Construction Cost

