

**COAST COMMUNITY COLLEGE DISTRICT
MEASURE M
GENERAL OBLIGATION BONDS**

PERFORMANCE AUDIT

June 30, 2020

COAST COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BONDS

PERFORMANCE AUDIT
June 30, 2020

CONTENT

INDEPENDENT AUDITOR'S REPORT	1
BACKGROUND:	
LEGISLATIVE HISTORY	2
COAST COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BONDS	2
PERFORMANCE AUDIT:	
OBJECTIVES	3
SCOPE	3
METHODOLOGY	3
CONCLUSION	4
SUPPLEMENTARY INFORMATION:	
COMPLETED PROJECTS – CUMULATIVE SOFT AND HARD COST CATEGORIES AS A PERCENTAGE OF CONSTRUCTION COSTS	5
NOTE TO SUPPLEMENTARY INFORMATION	6

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Coast Community College District
Costa Mesa, California

We have conducted a performance audit of the Coast Community College District (the "District"), Measure M General Obligation Bond funds for the year ended June 30, 2020.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure M 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 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 controls of Coast Community College District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on 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, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal controls.

The results of our procedures indicated that, in all significant respects, Coast Community College District expended Measure M General Obligation Bond funds for the year ended June 30, 2020 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.

Our performance audit was conducted for the purpose of forming a conclusion on the objectives listed on page 3, which includes determining compliance with the performance requirements for the Proposition 39 Measure M 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. The Completed Projects – Cumulative Soft and Hard Cost Categories as a Percentage of Construction Costs schedule is presented for purposes of additional analysis and is not required to be presented for the objectives of the performance audit. The information has not been subjected to the auditing procedures applied in the performance audit and accordingly, we do not express a conclusion or provide any assurance on it.


Crowe LLP

Sacramento, California
February 22, 2021

COAST COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
BACKGROUND
June 30, 2020

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 and community college 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 percent of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school or community college district establishes and appoints members to an independent citizens' oversight committee.
2. A requirement that the school or community college 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.

COAST COMMUNITY COLLEGE DISTRICT MEASURE M GENERAL OBLIGATION BONDS

The Measure M Bonds are 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 are authorized pursuant to a request of the District made by a resolution adopted by the Board of Education of the District.

The District received authorization at an election held on November 6, 2012, to issue bonds of the District in an aggregate amount not to exceed \$698,000,000 to finance specific construction and renovation projects approved by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2012 Authorization).

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 M bond authorization. The Citizens' Bond Oversight Committee is required to issue at least one report annually as to its activities and findings.

COAST COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION
June 30, 2020

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure M General Obligation Bond funds for the year ended June 30, 2020 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 M General Obligation Bond project expenditures for the year ended June 30, 2020 (the "List"). An approximate total of 5,000 transactions were identified, representing \$133,578,401 in expenditures from July 1, 2019 through June 30, 2020.

PROCEDURES PERFORMED

We performed the following procedures to the List of Measure M General Obligation Bond project expenditures for the year ended June 30, 2020:

- Verified the mathematical accuracy of the expenditures list.
- Reconciled the List to total bond expenditures as reported by the District in Measure M Bonds audited financial statements for the year ended June 30, 2020.
- Selected a sample of 62 expenditures totaling \$51,300,413. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. Verified that the expenditures were for authorized projects, and were to repair, upgrade and construct facilities and expand college education centers.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Coast Community College District expended Measure M General Obligation Bond funds for the year ended June 30, 2020 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.

COAST COMMUNITY COLLEGE DISTRICT
 MEASURE M GENERAL OBLIGATION BONDS
 SCHEDULE OF BOND PROJECTS SUMMARY
 June 30, 2020

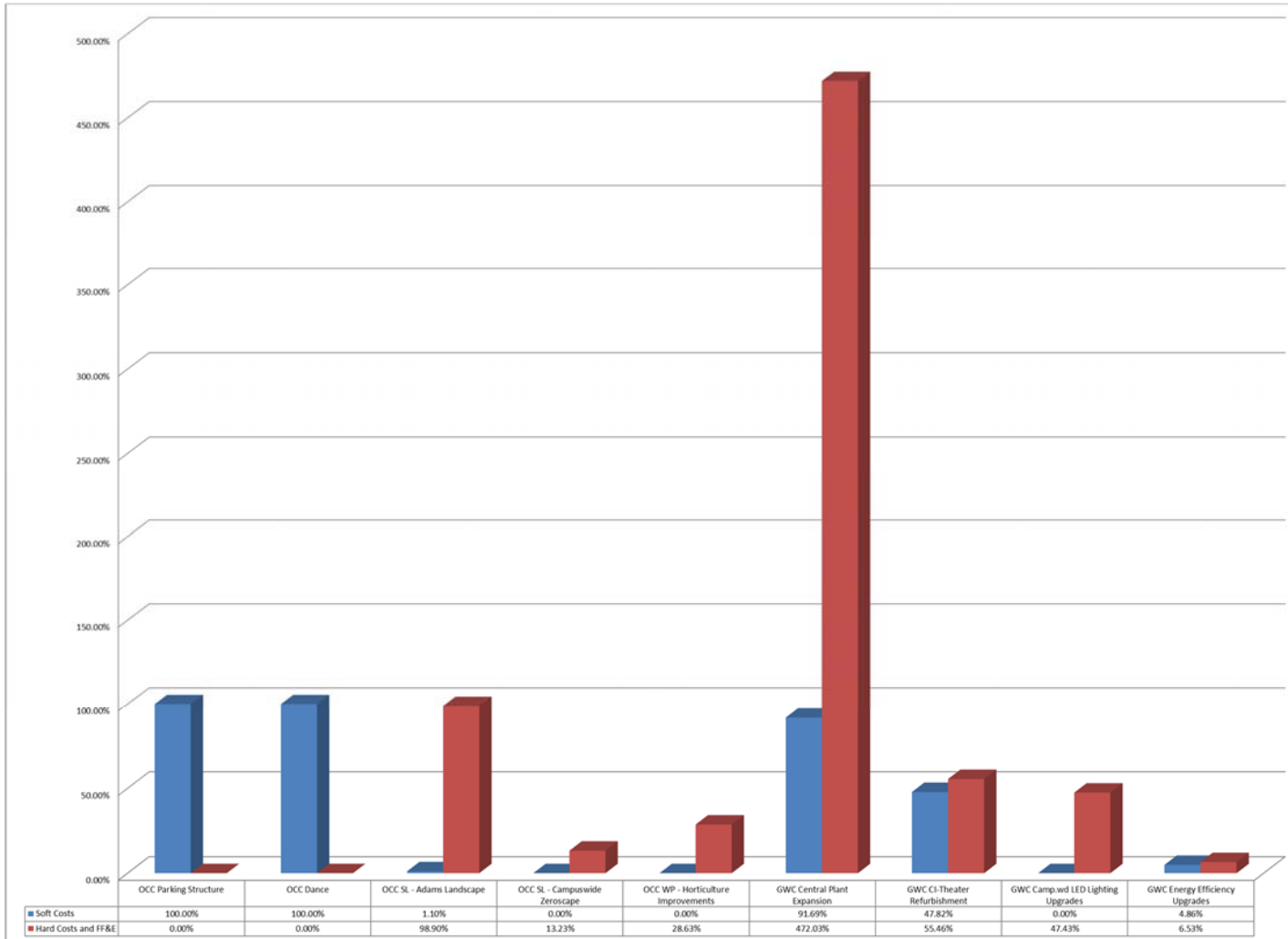
A summary of Measure M General Obligation Bonds fund expenditures for the year ended June 30, 2020 are listed below. This summary of Measure M expenditures is based on the District's books and records and is provided for information purposes only. This expenditures summary reflects financial totals provided by District management.

Measure M Project Expenditures:

District Facilities	
District Technology Up	\$ 200,671
District On-Behalf Pension Contribution	28,249
District Planning/Admin	<u>1,329,364</u>
Total Expenditures for District Facilities	<u>1,558,284</u>
Orange Coast College (OCC)	
OCC Maritime Academy Expansion	9,348,516
OCC Language/Social Sciences	24,701,128
OCC Adaptive PE, Gym, Pool	31,315,207
OCC Planetarium	64,863
OCC SF-Sailing Dock Renovation	3,124
OCC Student Union Complex	56,472,524
OCC Clark Center	2,750
OCC Watson Hall Improvements	17,979
OCC SL – Adams Landscape	14,619
OCC WP – Horticulture Improvements	<u>6,284</u>
Total Expenditures for Orange Coast College	<u>121,946,994</u>
Golden West College (GWC)	
GWC Student Services Center	(32,141)
GWC Math and Science Building	6,717,296
GWC Classroom Refurbishment	853,205
GWC Language Arts Complex	(60,575)
GWC Energy Efficiency Upgrades	<u>66,808</u>
Total Expenditures for Golden West College	<u>7,544,593</u>
Coastline College (CCC)	
CCC Le-Jao Student Resource Center	9,010
CCC College Ctr Student Support	1,215,407
CCC Newport Beach Student Support Center	<u>475,347</u>
Total Expenditures for Coastline College	<u>1,699,764</u>
Measure M Endowment Projects	
OCC Security Access Camera Upgrades	269,930
GWC Campus wide Demo/Remediation	17,500
CCC HVAC System Repairs/Replacement	82,634
CCC Campus wide Computer Refresh	<u>82,573</u>
Total Expenditures Measure M Endowment	<u>452,637</u>
Total Project Expenditures for the Period from July 1, 2019 through June 30, 2020	<u>133,202,272</u>
District General Reserves	<u>376,129</u>
Total Measure M project expenditures	<u>\$ 133,578,401</u>

SUPPLEMENTARY INFORMATION

COAST COMMUNITY COLLEGE DISTRICT
 MEASURE M GENERAL OBLIGATION BONDS
 COMPLETED PROJECTS CUMULATIVE SOFT AND HARD COST CATEGORIES
 AS A PERCENTAGE OF CONSTRUCTION COSTS (UNAUDITED)
 CUMULATIVE AS OF
 June 30, 2020



COAST COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
(UNAUDITED)
June 30, 2020

A compilation and comparison of project soft costs for projects that have been completed by the District during fiscal year 2019-2020 and for which full costs is reflected as of June 30, 2020. Soft costs consist of items that are not considered direct construction costs and include architectural, engineering, financing, legal fees, and other pre- and post-construction expenses.

The following projects were completed during the fiscal year 2019-2020:

- OCC Parking Structure
- OCC Dance
- OCC SL Adams Landscape
- OCC SL Campus wide Zeroscape
- OCC WP Horticulture Improvements
- GWC Central Plant Expansion
- GWC CI Theater Refurbishment
- GWC Campus wide LED Lighting Upgrade
- GWC Energy Efficiency Upgrades

"Cumulative Soft and Hard Cost Categories as a Percent of Construction Costs" illustrates total cumulative soft and hard cost by each of the categories as a percent of construction costs. This is intended to give a sense of the proportion of the soft and hard cost elements within the project. Construction cost was used as the base because this is generally the most important driver of soft costs.