

**CONTRA COSTA COMMUNITY  
COLLEGE DISTRICT**

**2002 GENERAL OBLIGATION  
BOND FUND MEASURE A  
PERFORMANCE AUDIT**

**June 30, 2011**

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2011

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Board of Trustees And  
Citizens' Bond Oversight Committee  
Contra Costa Community College District  
Martinez, California

We were engaged to conduct a performance audit of the Contra Costa Community College District (the District), 2002 Measure A Building Fund for the year ended June 30, 2011.

We conducted this performance audit in accordance with 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 sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's 2002 Measure A Building Fund internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's 2002 Measure A Building Fund internal control.

The results of our tests indicated that the District 2002 Measure A Building Fund were expended only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

*Vavrinek, Trine, Day & Co LLP*

Pleasanton, California  
January 3, 2012

# **CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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### ***AUTHORITY FOR ISSUANCE***

The 2002 Measure A General Obligation 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 District received authorization at an election held on March 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$120,000,000 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 2002 Authorization). The Bonds represent the first, second, and third series of the authorized bonds to be issued under the 2002 Authorization.

### ***PURPOSE OF ISSUE***

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include providing funds needed to continue to renovate and modernize District facilities.

The funds will be used to repair outmoded facilities (for energy savings, safety, and handicapped accessibility improvements), and update facilities used by vocational programs (for fire science, nursing, police, culinary arts, technical programs, etc), and transfer programs at Contra Costa College, Diablo Valley College, Los Medanos College, and San Ramon Valley Center, and the Brentwood/Delta Science Centers.

### ***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 college districts, or 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 approval by 55% of the electorate. In addition to reducing the approval threshold from two-thirds to 55%, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in 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 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other district operating expenses.
2. The district must 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 citizen's oversight committee.

# CONTRA COSTA COMMUNITY COLLEGE DISTRICT

## **BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2011**

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4. Requires the district to conduct an annual independent financial audit and performance audit in accordance with the Government 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 specific projects listed.

### ***OBJECTIVES OF THE AUDIT***

1. Determine whether expenditures charged to the Building Fund 2002 Measure A Fund have been made in accordance with the bond project list approved by the voters through the approval of the 2002 Measure A.
2. Determine whether salary transactions, charged to the Building Fund 2002 Measure A Fund were in support of the 2002 Measure A and not for District general administration or operations.

### ***SCOPE OF THE AUDIT***

The scope of our performance audit covered the period of July 1, 2010 to June 30, 2011. 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 other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2011 were not reviewed or included within the scope of our audit or in this report.

### ***FINANCIAL SUMMARY***

1. The 2002 general obligation bond funds in the amount of \$120,000,000 were authorized at an election of the registered voters of the District held on March 5, 2002. The first series of the 2002 bonds was issued in July 2002 and in the principal amount of \$50,000,000. The second series of the 2002 bonds was issued in August 2004 and in the principal amount of \$45,000,000. The third series of the 2002 bonds was issued in May 2006 and in the principal amount of 25,000,000.
2. Total expenditures and commitments as of June 30, 2011, were \$134,342,800.

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## BUILDING FUND-2002 MEASURE A FOR THE YEAR ENDED JUNE 30, 2011

3. An analysis of expenditures is as follows as of June 30, 2011 is as follows:

| Expenditures                        | Prior<br>Periods      | 7/1/10 to<br>6/30/2011 | Total                 |
|-------------------------------------|-----------------------|------------------------|-----------------------|
| Salary and benefits                 | \$ 463,136            | \$ -                   | \$ 463,136            |
| Services and operating expenses     | 995,597               | -                      | 995,597               |
| Capital outlay                      | 126,527,762           | 4,887,345              | 131,415,107           |
| Total expenditures                  | 127,986,495           | 4,887,345              | 132,873,840           |
| Transfer to 2006 Bond fund          | 623,296               | -                      | 623,296               |
| Total expenditures and other uses   | <u>\$ 128,609,791</u> | <u>\$ 4,887,345</u>    | 133,497,136           |
| Contract commitments, June 30, 2011 |                       |                        | 845,664               |
| Total expenditures and commitments  |                       |                        | <u>\$ 134,342,800</u> |

Available unspent funds from the bonds as of June 30, 2011 are:

|   | Prior<br>Periods      | 7/1/10 to<br>6/30/2011 | Total               |
|---|-----------------------|------------------------|---------------------|
| Net available proceeds for construction | \$ 120,000,000        | \$ -                   | \$ 120,000,000      |
| Transfer in from Measure A+             | 14,958,817            | -                      | 14,958,817          |
| Local revenue                           | 3,600                 | -                      | 3,600               |
| Interest earned                         | 7,968,412             | -                      | 7,968,412           |
| Total revenues received                 | <u>\$ 142,930,829</u> | <u>\$ -</u>            | 142,930,829         |
| Total expenditures and commitments      |                       |                        | (134,342,800)       |
| Amount available                        |                       |                        | <u>\$ 8,588,029</u> |

### ***PROCEDURES PERFORMED***

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2011 for the Building Fund 2002 Measure A. Within the fiscal year 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 A as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2010 and ending June 30, 2011, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$1,288,482. This represents 26 percent of the total expenditures of \$4,887,345, including expenditures related to transferred funds.
3. We verified that funds from the Building Fund 2002 Measure A were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects. In addition, we verified that funds held in the Building Fund 2002 Measure A were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

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FOR THE YEAR ENDED JUNE 30, 2011**

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*CONCLUSION*

The results of our tests indicated that, in all significant respects, the Contra Costa Community College District has properly accounted for the expenditures held in the Building Fund 2002 Measure A fund and that such expenditures were made for authorized Bond projects. Further, it was noted that funds held in the Building Fund 2002 Measure A, and expended by the District, were used for salaries of administrators only to the extent they perform administrative oversight work on construction projects as allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

*Vavinsk, Trine, Day & Co LLP*

Pleasanton, California  
January 3, 2012

**CONTRA COSTA COMMUNITY COLLEGE DISTRICT**

**BUILDING FUND-2002 MEASURE A  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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None reported.