

DESERT COMMUNITY COLLEGE DISTRICT
PROPOSITION 39, GENERAL OBLIGATION BONDS
(MEASURE B, MARCH 2004)
FINANCIAL AUDIT
JUNE 30, 2008 AND 2007

DESERT COMMUNITY COLLEGE DISTRICT

PROPOSITION 39, GENERAL OBLIGATION BONDS

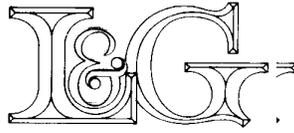
(MEASURE B, MARCH 2004)

FINANCIAL AUDIT

JUNE 30, 2008 AND 2007

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LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
39700 BOB HOPE DRIVE • SUITE 309 • P.O. Box 250 • RANCHO MIRAGE, CA 92270-0250
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttery.com

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and
the Citizens' Oversight Committee
Desert Community College District
Palm Desert, California

We have audited the accompanying Balance Sheets, Statements of Revenues, Expenditures and Change in Fund Balance and Statements of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Measure B Bond Building Fund (the “Bond Fund”) of the Desert Community College District (the “District”) as of and for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of the District’s management. Our responsibility is to express an opinion on these statements based on our audits.

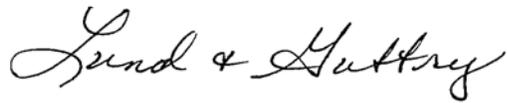
We conducted our audits of the Bond Building Fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements for the Bond Fund are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Bond Fund financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As described in Note 1, the Bond Fund financial statements present only the bond funds referred to in the second paragraph and do not purport to, and do not present fairly the financial position and results of operations of the District as of June 30, 2008 and 2007, and for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Bond Fund of the Desert Community College District as of June 30, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

The Board of Trustees and
the Citizens' Oversight Committee
Desert Community College District
Page 2

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2008 on our consideration of the District's internal control over Bond Fund financial reporting and our test of its compliance with certain provisions of laws, regulations and contracts governing the bond funds. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audits.

A handwritten signature in cursive script that reads "Lund & Guttry".

November 26, 2008

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

BALANCE SHEETS
JUNE 30, 2008 AND 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash in County Treasury	\$ 248,706,462	\$ 52,375,914
Cash in bank	58,325,831	-
Interest receivable	<u>2,221,263</u>	<u>704,675</u>
TOTAL ASSETS	<u>\$ 309,253,556</u>	<u>\$ 53,080,589</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Accounts payable	<u>\$ 4,240,430</u>	<u>\$ 1,262,380</u>
Total liabilities	<u>4,240,430</u>	<u>1,262,380</u>
FUND BALANCE		
Reserved for special purposes	<u>305,013,126</u>	<u>51,818,209</u>
Total fund balance	<u>305,013,126</u>	<u>51,818,209</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 309,253,556</u>	<u>\$ 53,080,589</u>

(The accompanying notes are an integral part of these financial statements)

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
REVENUES		
Revenues from local sources		
Interest income	\$ 7,260,050	\$ 2,593,638
Total revenues	<u>7,260,050</u>	<u>2,593,638</u>
 EXPENDITURES		
Supplies and materials	6,036	61,975
Other expenses and services	1,920,379	4,236,775
Capital outlay	<u>33,637,162</u>	<u>7,944,743</u>
Total expenditures	<u>35,563,577</u>	<u>12,243,493</u>
Deficiency of revenues over expenditures	<u>(28,303,527)</u>	<u>(9,649,855)</u>
 OTHER FINANCING SOURCES		
Proceeds from bonds	<u>281,498,444</u>	<u>-</u>
Total other financing sources	<u>281,498,444</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures	253,194,917	(9,649,855)
 FUND BALANCE, beginning of year	<u>51,818,209</u>	<u>61,468,064</u>
 FUND BALANCE, end of year	<u>\$ 305,013,126</u>	<u>\$ 51,818,209</u>

(The accompanying notes are an integral part of these financial statements)

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenues from local sources			
Interest income	\$ 1,700,000	\$ 7,260,050	\$ 5,560,050
Total revenues	1,700,000	7,260,050	5,560,050
EXPENDITURES			
Supplies and materials	82,500	6,036	76,464
Other expenses and services	232,500	1,920,379	(1,687,879)
Capital outlay	* 196,314,950	33,637,162	162,677,788
Total expenditures	196,629,950	35,563,577	161,066,373
Deficiency of revenues over expenditures	(194,929,950)	(28,303,527)	166,626,423
OTHER FINANCING SOURCES			
Proceeds from Bonds	150,000,000	281,498,444	131,498,444
Total other financing sources	150,000,000	281,498,444	131,498,444
Excess (deficiency) of revenues and other sources over expenditures	\$ (44,929,950)	253,194,917	\$ 298,124,867
FUND BALANCE, beginning of year		51,818,209	
FUND BALANCE, end of year		\$ 305,013,126	

* The budget for capital outlay expenditures reflects amounts remaining and available for current and subsequent year's expenditures and does not necessarily coincide with actual planned expenditures in the current year. All budget expenditures are included in capital outlay due to budgeted expenditures being tracked by project instead of by expense classification.

(The accompanying notes are an integral part of these financial statements)

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Revenues from local sources			
Interest income	\$ 1,400,000	\$ 2,593,638	\$ 1,193,638
Total revenues	<u>1,400,000</u>	<u>2,593,638</u>	<u>1,193,638</u>
 EXPENDITURES			
Supplies and materials	15,254	61,975	(46,721)
Other expenses and services	8,656,760	4,236,775	4,419,985
Capital outlay	* <u>48,528,357</u>	<u>7,944,743</u>	<u>40,583,614</u>
Total expenditures	<u>57,200,371</u>	<u>12,243,493</u>	<u>44,956,878</u>
Deficiency of revenues over expenditures	<u>\$ (55,800,371)</u>	(9,649,855)	<u>\$ 46,150,516</u>
FUND BALANCE, beginning of year		<u>61,468,064</u>	
FUND BALANCE, end of year		<u>\$ 51,818,209</u>	

* The budget for capital outlay expenditures reflects amounts remaining and available for current and subsequent year's expenditures and does not necessarily coincide with actual planned expenditures in the current year. All budget expenditures are included in capital outlay due to budgeted expenditures being tracked by project instead of by expense classification.

(The accompanying notes are an integral part of these financial statements)

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Desert Community College District (the “District”) was formed in 1958 to provide access to higher education in the Coachella Valley. The District currently operates College of the Desert which provides post-secondary instruction in an array of educational classes, programs and services.

The accompanying financial statements present the financial position and results of activities for the District’s Measure B Bond Building Fund (the “Bond Fund”). Escrow funds, debt service funds, costs of issuance and bonded debt are accounted for at the County level and are not presented in the accompanying financial statements.

Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.

The budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor’s Office of the California Community College’s *Budget and Accounting Manual*.

Fund Structure

The Statement of Revenues, Expenditures, and Change in Fund Balance is a statement of financial activities of the Bond Fund related to the current reporting period. Expenditures frequently include amounts for land, buildings, equipment, transfers to other funds, etc. Consequently, these statements do no purport to present the result of operations or the net income or loss for the year as would a statement of income for a profit-type organization.

Basis of Accounting

The Bond Fund of the District is maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, which is to say, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Budget

The Board of Trustees (the “Board”) adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is the final revised budget that is presented in these financial statements.

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cash in County Treasury

In accordance with Education Code §41001, the District maintains its cash in the Riverside County Treasury. The County pools these funds with those of other districts in the County and invests the cash. The County is restricted by Government Code §53635 pursuant to §53601 to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, banker’s acceptances, commercial paper, negotiable certificates of deposits and repurchase or reverse repurchase agreements. Interest earned is deposited quarterly into participating funds.

Cash in Bank

Proceeds from the sale of the Series 2007 B general obligation bonds were placed into a separate bank for future investing. These funds represent the bond proceeds plus earned interest.

Cash in the County Treasury and bank are recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

Capital Assets and Long-term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Bond Fund are determined by its measurement focus. The Bond Fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Bond Building Fund are accounted for in the basic financial statements of the District.

Reservations of Fund Balances

Portions of fund balances have been reserved for specific purposes. Reservations were created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated for a specific purpose or (2) identify the portion of the fund balance that have been appropriated for contractual commitments.

2. INTEREST RECEIVABLE

Interest receivable consist of amounts due from the County of Riverside pooled investment funds and from cash held on deposit with a bank, which were earned, but not received, as of June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
County of Riverside	\$ 2,168,969	\$ 704,675
Held on deposit in bank	<u>52,294</u>	<u>-</u>
	<u>\$ 2,221,263</u>	<u>\$ 704,675</u>

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of cumulative expenditures over appropriations in the Bond Fund.

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

4. BONDED DEBT

On March 2, 2004, \$346.5 million in general obligation bonds were authorized by an election held within the District under Proposition 39/Measure B. These bonds are issued in multiple series as general obligations of the District. The following information is provided for purposes of additional analysis only.

In August 2004, Series 2004 A (the Series 2004 A Bonds) general obligation bonds in the amount of \$65,000,000 were sold at a premium. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities. Bond issuance costs of \$1,013,971.48 were incurred in connection with the issuance of the Series 2004 A general obligation bonds.

In June 2005, a portion of the above bonds were refinanced through the issue of 2005 General Obligation Refunding Bonds (the "Refunding Bonds"). These bonds in the amount of \$55,771,886.25 were sold at a premium (total proceeds of \$63,734,231.05). A portion of the bond proceeds (\$7,848,411.73) was deposited into the District's Bond Fund to be used for the District's project list. The rest of the proceeds (\$55,885,819.32) were deposited into an escrow account to (1) advance refund and defease the bonds maturing on and after August 1, 2015 of the District's outstanding Election of 2004 General Obligation Bonds, Series 2004 A (the "Refunded Bonds"), (2) pay the debt service on the Refunded Bonds, including principal, due on and prior to August 1, 2014 and (3) pay all legal, financial and contingent costs in connection with the issuance of the Bonds. Bond issuance costs of \$770,375.09 were incurred in connection with the issuance of the Refunding Bonds.

In November 2007, Series 2007 B (the Series 2007 B Bonds) general obligation bonds in the amount of \$57,850,000 were sold at a premium. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities. Bond issuance costs of \$722,019.73 were incurred in connection with the issuance of the Series 2007 B general obligation bonds.

In December 2007, Series 2007 C (the Series 2007 C Bonds) general obligation bonds in the amount of \$223,648,443.95 were sold at a premium. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities. Bond issuance costs of \$3,731,929.63 were incurred in connection with the issuance of the Series 2007 C general obligation bonds.

The bond proceeds may not be used for District employees' salaries or other administration costs. In November, 2004 the Attorney General of California issued an opinion stating that districts may use Proposition 39 bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure. The District did not spend any bond proceeds on salaries of District employees for the year ended June 30, 2008 and 2007.

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

4. BONDED DEBT – (continued)

The following is a summary of the sources and uses of each bond series:

<u>Sources of funds:</u>					
<u>Series</u>	<u>Proposition 39 Measure B Principal Amount of bonds</u>	<u>2005 General Obligation Refunding Bonds</u>	<u>Original issue premium</u>	<u>Total sources of funds</u>	
2004 A	\$ 65,000,000.00	\$ -	\$ 1,288,727.55	\$ 66,288,727.55	
2005 Refunding	-	55,771,886.25	7,962,344.80	63,734,231.05	
2007 B	57,850,000.00	-	2,577,655.40	60,427,655.40	
2007 C	223,648,443.95	-	4,966,797.90	228,615,241.85	
Total	<u>\$346,498,443.95</u>	<u>\$ 55,771,886.25</u>	<u>\$ 16,795,525.65</u>	<u>\$419,065,855.85</u>	

<u>Uses of funds:</u>					
<u>Series</u>	<u>Building fund</u>	<u>Escrow fund</u>	<u>Debt service fund</u>	<u>Costs of issuance</u>	<u>Total use of funds</u>
2004	\$ 65,000,000.00	\$ -	\$ 274,756.07	\$ 1,013,971.48	\$ 66,288,727.55
2005 Refunding	7,848,411.73	55,115,444.23	-	770,375.09	63,734,231.05
2007 B	57,850,000.00	-	1,855,635.67	722,019.73	60,427,655.40
2007 C	223,648,443.95	-	1,234,868.27	3,731,929.63	228,615,241.85
Total	<u>\$354,346,855.68</u>	<u>\$ 55,115,444.23</u>	<u>\$ 3,365,260.01</u>	<u>\$ 6,238,295.93</u>	<u>\$419,065,855.85</u>

The outstanding related bonded debt for the District at June 30, 2008 is:

<u>Date of Issue</u>	<u>Series</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2007</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Amount Outstanding June 30, 2008</u>
Aug-04	2004 A	2.0-5.0%	8/1/2014	\$ <u>65,000,000</u>	\$ 9,425,000	\$ -	\$ 5,220,000	\$ 4,205,000
Jun-05	2005 Refunding	3.0-5.0%	8/1/2024	\$ <u>55,771,886</u>	53,581,886	-	1,415,000	52,166,886
Nov-07	2007 B	4.5-5.0%	8/1/2032	\$ <u>57,850,000</u>	-	57,850,000	-	57,850,000
Dec-07	2007 C	3.3-5.5%	8/1/2046	\$ <u>223,648,444</u>	-	223,648,444	-	223,648,444
Total					<u>\$ 63,006,886</u>	<u>\$ 281,498,444</u>	<u>\$ 6,635,000</u>	337,870,330
Less: current portion								<u>(12,000,823)</u>
Long term portion								<u>\$ 325,869,507</u>

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS

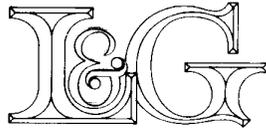
4. BONDED DEBT – (continued)

The annual requirements to amortize the bonds payable, outstanding as of June 30, 2008, are as follows:

<u>Series 2004 A</u>				<u>2005 Refunding</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 190,000	\$ 154,600	\$ 344,600	2009	\$ 1,450,000	\$ 2,267,475	\$ 3,717,475
2010	310,000	146,325	456,325	2010	1,605,000	2,217,831	3,822,831
2011	440,000	133,750	573,750	2011	973,960	2,992,790	3,966,750
2012	580,000	116,088	696,088	2012	922,982	3,158,768	4,081,750
2013	730,000	91,887	821,887	2013	875,779	3,330,971	4,206,750
2014-2018	1,955,000	81,700	2,036,700	2014-2018	9,114,165	15,463,335	24,577,500
2019-2023	-	-	-	2019-2023	23,975,000	6,544,875	30,519,875
2024-2028	-	-	-	2024-2028	13,250,000	677,500	13,927,500
2029-2033	-	-	-	2029-2033	-	-	-
2034-2038	-	-	-	2034-2038	-	-	-
2039-2043	-	-	-	2039-2043	-	-	-
2044-2047	-	-	-	2044-2047	-	-	-
	<u>\$ 4,205,000</u>	<u>\$ 724,350</u>	<u>\$ 4,929,350</u>		<u>\$ 52,166,886</u>	<u>\$ 36,653,545</u>	<u>\$ 88,820,431</u>

<u>Series 2007 B</u>				<u>Series 2007 C</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,230,000	\$ 3,075,120	\$ 8,305,120	2009	\$ 5,130,823	\$ 7,223,597	\$ 12,354,420
2010	-	2,631,000	2,631,000	2010	-	6,391,500	6,391,500
2011	-	2,631,000	2,631,000	2011	150,888	6,405,612	6,556,500
2012	-	2,631,000	2,631,000	2012	295,413	6,431,087	6,726,500
2013	-	2,631,000	2,631,000	2013	427,568	6,468,932	6,896,500
2014-2018	-	13,155,000	13,155,000	2014-2018	5,586,478	34,111,022	39,697,500
2019-2023	-	13,155,000	13,155,000	2019-2023	8,754,654	39,332,846	48,087,500
2024-2028	18,450,000	11,825,750	30,275,750	2024-2028	11,926,148	50,151,352	62,077,500
2029-2033	34,170,000	3,710,750	37,880,750	2029-2033	29,562,155	55,353,595	84,915,750
2034-2038	-	-	-	2034-2038	113,058,214	28,114,536	141,172,750
2039-2043	-	-	-	2039-2043	28,417,782	138,397,935	166,815,717
2044-2047	-	-	-	2044-2047	20,338,321	132,051,675	152,389,996
	<u>\$ 57,850,000</u>	<u>\$ 55,445,620</u>	<u>\$ 113,295,620</u>		<u>\$ 223,648,444</u>	<u>\$ 510,433,689</u>	<u>\$ 734,082,133</u>

The repayment of the debt related to the general obligations bonds is accounted for in the District's Bond Debt Service Fund which is part of the District's basic financial statements.



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
39700 BOB HOPE DRIVE • SUITE 309 • P.O. Box 250 • RANCHO MIRAGE, CA 92270-0250
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttry.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees and
the Citizen's Oversight Committee
Desert Community College District
Palm Desert, California

We have audited the financial statements as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated November 26, 2008 for the Measure B Bond Building Fund (the "Bond Fund") of the Desert Community College District (the "District"). We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's Bond Fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

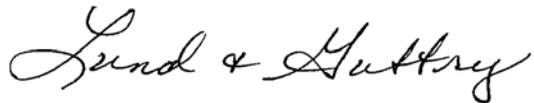
In planning and performing our audit, we considered the District's Bond Fund internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we noted no matters involving the internal control over financial reporting and its operation that we consider to be a deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's Bond Fund ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Bond Fund financial statements that is more than inconsequential will not be prevented or detected by the District's Bond Fund internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, the Citizens' Oversight Committee and management and is not intended to be and should not be used by anyone other than these specified parties; however, this report is a matter of public record.

A handwritten signature in cursive script, appearing to read "Lund & Guttry".

November 26, 2008

DESERT COMMUNITY COLLEGE DISTRICT
BOND BUILDING FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

COMPLIANCE AND OTHER MATTERS

There were no findings or questioned costs noted during our audit relating to compliance.

INTERNAL CONTROL

There were no findings or questioned costs noted during our audit relating to internal control.