



VICENTI LLOYD & STUTZMAN LLP

MAKING A POSITIVE DIFFERENCE IN OUR WORLD

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

Period of April 17, 2003 through June 30, 2004

RESPECT FOR
THE
INDIVIDUAL



HIGH ETHICAL
STANDARDS



INNOVATION
CREATIVITY
CHANGE



MUTUAL TRUST



UNEQUIVOCAL
EXCELLENCE

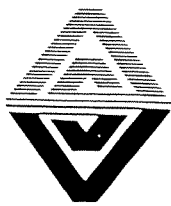


COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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June 30, 2004

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INDEPENDENT AUDITOR'S REPORT

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

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 of April 17, 2003 to June 30, 2004, 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 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 Coast Community College 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 period of April 17, 2003 to June 30, 2004.

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

September 7, 2004



COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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June 30, 2004

OBJECTIVES

The objectives of our Performance Audit were to:

- Document the expenditures charged to the Coast Community College District Bond Building Fund.
- Determine whether expenditures charged to the Bond Building Fund 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 Citizens' Oversight Committee with a performance audit as required under the requirements of the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period from April 17, 2003 to June 30, 2004. 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, 2004, were not reviewed or included within the scope of our audit or in this report.

COAST COMMUNITY COLLEGE DISTRICT
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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 district's 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 made using 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 Bond Building Fund have been expended only for the authorized bond projects.

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PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the period of April 17, 2003 to June 30, 2004, for the Bond Building Fund. Within the period audited, we obtained the actual invoices and other supporting documentation for expenditures to ensure compliance with the requirements of Proposition 39 and Measure C with regards to the approved bond projects list. 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 Bond Building Fund were generally expended for the construction, reconstruction, acquisition, furnishing and equipping of District facilities constituting the authorized bond projects. Furthermore, we verified that funds held in the Bond Building Fund were not used for salaries of school administrators or other operating expenses of the District.

**COAST COMMUNITY COLLEGE DISTRICT
PROPOSITION 39 GENERAL OBLIGATION BONDS
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PERFORMANCE AUDIT**

June 30, 2004

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 Bond Building Fund and that such expenditures were made on authorized bond projects. Furthermore, it was noted that the funds held in the Bond Building Fund, and expended by the District, were not expended for salaries of school administrators or other operating expenditures.

Our examination disclosed no instances of non-compliance related to the requirements of Proposition 39.