

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

FINANCIAL AUDIT
WITH INDEPENDENT AUDITORS' REPORT
AND
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2010

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

JUNE 30, 2010

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**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2010



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Citizen's Oversight Committee
Santa Clarita Community College District
Santa Clarita, California

We have audited the accompanying financial statements of the Measure C General Obligation Bonds (the Bond Funds) of Santa Clarita Community College District (the District) as of June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 of the Notes to Financial Statements, the financial statements present only the Bond Funds and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, as discussed in Note 2 of the Notes to Financial Statements, the Bond Funds' financial statements are prepared on the modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - modified accrual basis of the Measure C General Obligation Bonds of Santa Clarita Community College District as of June 30, 2010, and the results of its operations - modified accrual basis for the year then ended, in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the District's internal control over financial reporting for the Bond Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 is important for assessing the results of our audit.

Vavrinek, Trine, Day & Co., LLP.

Rancho Cucamonga, California
December 23, 2010

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**BALANCE SHEET - MODIFIED ACCRUAL BASIS
JUNE 30, 2010**

	2005 Series GO Bonds
ASSETS	
Total Assets	<u>\$ -</u>
FUND BALANCE	
Unreserved	
Designated	<u>\$ -</u>

See the accompanying notes to financial statements.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	2005 Series GO Bonds
REVENUES	
Local revenues	<u>\$ 1,210</u>
EXPENDITURES	
Services and operating expenditures	165,053
Capital outlay	<u>10,956</u>
Total Expenditures	<u>176,009</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(174,799)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>174,799</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

See the accompanying notes to financial statements.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Measure C General Obligation Bonds (the Bond Funds) are governmental funds of Santa Clarita Community College District (the District). These funds are used to account for the activity of the Proposition 39 Measure C General Obligation Bonds approved by the voters of the District. These financial statements present only the Bond Funds and do not purport to, and do not, present fairly the financial position of the District and the changes in its financial position in conformity with accounting standards generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Financial Statement Presentation

The financial statements of the Bond Funds have been prepared on the modified accrual basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The statement of revenues, expenditures, and changes in fund balance is a statement of financial activities of the Bond Funds related to the current reporting period. Using this method, revenues are recognized when they are both measurable and available, and expenses are recognized when goods are received or services are rendered.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets and Long-Term Obligations

The accounting and reporting treatment applied to the capital assets and long-term obligations associated with the Bond Funds are determined by its measurement focus. The Bond Funds are 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 obligations associated with the Bond Funds are accounted for in the basic financial statements of the Santa Clarita Community College District.



**INDEPENDENT AUDITORS' 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
Citizen's Oversight Committee
Santa Clarita Community College District
Santa Clarita, California

We have audited the accompanying balance sheet and statement of revenues, expenditures and changes in fund balance for the Measure C General Obligation Bonds (the Bond Funds) of Santa Clarita Community College District (the District) for the year ended June 30, 2010, and have issued our report thereon dated December 23, 2010. 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.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Santa Clarita Community College District's Bond Funds' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Clarita Community College District's Bond Funds' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, District Management, and the Citizen's Oversight Committee and is not intended to be and should not be used by anyone other than these specified parties.

Vaunier, Time, Day & Co., LLP

Rancho Cucamonga, California
December 23, 2010

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2010**

There were no findings related to the financial audit of the Bond Funds for the year ended June 30, 2010.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

There were no findings related to the financial audit of the Bond Funds for the year ended June 30, 2009.

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BONDS**

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2010



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Santa Clarita Community College District
Independent Citizen's Oversight Committee
Santa Clarita, California

We have performed the Agreed-Upon Procedures enumerated in Exhibit A, which were agreed to by the management of the Santa Clarita Community College District (the District) for the purpose of determining compliance with Measure C General Obligation Bond requirements for the year ending June 30, 2010. The District's management is responsible for maintaining compliance with Proposition 39 requirements. This engagement to perform Agreed-Upon Procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit A either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the results of those procedures are described within this report as Exhibit B.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion relating to the matters included in the Agreed-Upon Procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Santa Clarita Community College District Board of Trustees, Independent Citizen's Oversight Committee, and District administrators and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 23, 2010

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

- A. Verify that District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations, as well as approved Board policies. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof. Included, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our review and to reach a testing threshold of 100 percent of all bond expenditures.
- B. Verify compliance with expenditure allowances related to local bond funding in accordance with Board approved contracts and planning documents and Bond Initiative documents placed on the Local Election Ballot.
- C. Prepare a schedule of all costs incurred between July 1, 2009 and June 30, 2010, by project, for the local bond measure funding and totaling inception-to-date expenses.
- D. Prepare a schedule of all projects started and/or completed since the inception of the bond and the total costs incurred from inception of the bond.
- E. Calculate the balance available for expenditure of bond proceeds related to the voter approved projects within the bond project fund at June 30, 2010. This will include a review of the open contracts, notices of completion and retention balances, and analysis of the work in process.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

Agreed-Upon Procedure (A)

Procedure

Verify that District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations, as well as approved Board policies. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof. Included, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our review and to reach a testing threshold of 100 percent of all bond expenditures.

Results

We selected a total of 100 percent of all expenditures charged to the Bond Funds. For the items selected for testing, there were no exceptions noted in the District's procedures related to the disbursement of Measure C Bond Funds. The District utilizes purchase orders to document the approval process for Bond disbursements and uses encumbrance accounting to ensure all approved disbursements have been budgeted and funds are available. Documentation to support transactions included original invoices with approvals necessary to ensure compliance with Proposition 39 regulations and Board policies related to purchasing and contracts. Budgets for specific projects have been approved and monitored in accordance with Bond requirements.

Agreed-Upon Procedure (B)

Procedure

Verify compliance with expenditure allowances related to local bond funding in accordance with Board approved contracts and planning documents and Bond Initiative documents placed on the Local Election Ballot.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

Results

For all expenditures selected in Agreed-Upon Procedure (A), the explanation of the expenditure was reviewed in conjunction with the actual ballot language included in the Measure C Bond Initiative placed before the voters on November 6, 2001. Allowable projects and expenditures include construction, renovation, and repair projects throughout the College campus. For the items selected, there were no exceptions noted; expenses tested related to specifically noted projects within the bond ballot initiative. Additionally, we noted the District had not charged on-going expenditures that are the responsibility of the District to the Measure C Bond Fund, nor has any administrative or indirect costs been charged to the Measure C Bond Funds. The following table notes the expenditures by category and the amount selected for testing.

Fund 47

Description	Expenditures Incurred	Expenditures Tested	Percentage of Total
Service and operating expenditures	\$ 165,053	\$ 165,053	100%
Capital outlay	10,956	10,956	100%
Total Fund	\$ 176,009	\$ 176,009	100%

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

Agreed-Upon Procedure (C)

Procedure

Prepare a schedule of all costs incurred between July 1, 2009 and June 30, 2010, by project, for the local bond measure funding and totaling inception-to-date expenses.

Results

	July 1, 2009 to June 30, 2010 Actual Expenses	Inception-to-Date Expenses June 30, 2010
2005 General Obligation Refunding Bonds Fund 42		
Library Addition and Warehouse	\$ -	\$ 2,058
Canyon Country Education Center	-	2,910,539
Miscellaneous Projects and Costs of Issuance	-	363,864
Subtotal	-	3,276,461
	July 1, 2009 to June 30, 2010 Actual Expenses	Inception-to-Date Expenses June 30, 2010
2002 Series A General Obligation Bonds Fund 45		
Repair and Renovation of Existing Facilities	\$ -	\$ 3,391,228
Science Laboratory Building Addition	-	442,937
University Center	-	1,186,603
Classroom Building Adjoining the New Performing Arts Center	-	6,638,474
Health Education/Cardiovascular/Physical Education Center	-	48,040
Voc/Tech Building Addition and General Purpose Classroom Building	-	1,535,409
Classroom Building/High Tech Lab Center	-	3,488,918
Library Addition and Warehouse	-	1,920,811
Canyon Country Education Center	-	875,228
Site Improvements and Renovation	-	1,965,717
Miscellaneous Projects and Costs of Issuance	-	902,200
Subtotal	-	22,395,565

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

2005 Series General Obligation Bonds Fund 47	July 1, 2009 to June 30, 2010 Actual Expenses	Inception to Date Expenses June 30, 2010
Repair and Renovation of Existing Facilities	\$ 10,956	\$ 1,899,749
Science Laboratory Building Addition	-	11,021,803
University Center	-	1,250,568
Classroom Building Adjoining the New Performing Arts Center	-	355,949
Health Education/Cardiovascular/Physical Education Center	-	8,643,841
Voc/Tech Building Addition and General Purpose Classroom Building	-	14,495
Classroom Building/High Tech Lab Center	-	6,985,744
Canyon Country Education Center	-	11,636,059
Site Improvements	-	3,592,773
Arbitrage Payment	165,053	2,662,956
Subtotal	176,009	48,063,937
2003 Series General Obligation Bonds Fund 48	July 1, 2009 to June 30, 2010 Actual Expenses	Inception to Date Expenses June 30, 2010
Repair and Renovation of Existing Facilities	\$ -	\$ 116,117
Science Laboratory Building Addition	-	1,316,086
University Center	-	62,829
Classroom Building Adjoining the New Performing Arts Center	-	675,898
Health Education/Cardiovascular/Physical Education Center	-	55,730
Voc/Tech Building Addition and General Purpose Classroom Building	-	134,976
Classroom Building/High Tech Lab Center	-	4,502,098
Canyon Country Education Center	-	10,578,175
Site Improvements	-	339,455
Miscellaneous Projects and Costs of Issuance	-	567,087
Subtotal	-	18,348,451
Total All Funds	\$ 176,009	\$ 92,084,414

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

Agreed-Upon Procedure (D)

Procedure

Prepare a schedule of all projects started and/or completed since the inception of the bond and the total costs incurred from the inception of the bond.

Results

Project Description	Total Estimated Cost of Project ¹	Total Anticipated Contributions from Other Sources ¹	Total Estimated GO Bond Contribution ¹	Total GO Bond Expenditures Through June 30, 2010 ²	Total Remaining GO Bond Balance Outstanding ¹
University Center - East Wing (Project continued using Measure M funds)	\$ 30,694,390	\$ 28,194,390	\$ 2,500,000	\$ 2,500,000	\$ -
Library Addition (Project continued using Measure M funds)	24,724,000	24,685,146	38,854	38,854	-
Canyon Country Campus (Land, site development, modulars, and expanded scope) (Project continued using Measure M funds)	58,011,265	32,011,265	26,000,000	26,000,000	-
Repair and Renovation of Existing Facilities	5,407,093	-	5,407,093	5,407,093	-
Laboratory Center Addition	20,506,012	7,725,186	12,780,826	12,780,826	-
Music/Dance Building	7,670,320	-	7,670,320	7,670,320	-
PE Addition	11,952,630	3,205,019	8,747,611	8,747,611	-
Vocational Tech Addition	1,535,410	-	1,535,410	1,535,410	-
Sheriff's Academy Modular	149,470	-	149,470	149,470	-
High Tech Classroom/Lab	23,902,677	8,925,916	14,976,761	14,976,761	-
Warehouse	1,884,015	-	1,884,015	1,884,015	-
Site Improvements/Renovations (Includes infrastructure and central plant)	18,687,638	12,789,692	5,897,946	5,897,946	-
Other Items Not Specific to Above	4,496,108	-	4,496,108	4,496,108	-
	<u>\$ 209,621,028</u>	<u>\$ 117,536,614</u>	<u>\$ 92,084,414</u>	<u>\$ 92,084,414</u>	<u>\$ -</u>

¹ Estimates updated by District personnel through August 15, 2010. These estimates were not subject to verification.

² Actual costs incurred through June 30, 2010.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES REPORT
JUNE 30, 2010**

Agreed-Upon Procedure (E)

Procedure

Calculate the balance available for expenditure of bond proceeds related to the approved projects within the bond project fund at June 30, 2010. This will include a review of the open contracts, notices of completion and retention balances, and analysis of the work in process.

Results

As stated in the District's audited financial statements as of June 30, 2010, the expenditures from the Measure C Bond Funds were \$176,009 for fiscal year 2009-2010, and total \$92,084,414 to date. Bond proceeds received to date total \$87,600,046, and interest revenue earned to date of \$4,484,368 provide \$0 from the initial issuances available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures.