

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT**

**MEASURE C GENERAL OBLIGATION BONDS
WITH
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2006



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

Santa Clarita Community College District
Independent Citizen's Oversight Committee

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 period of July 1, 2005 through June 30, 2006. This engagement to perform Agreed-Upon Procedures was performed 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 findings and recommendations are described within this report as Exhibit B.

We were not engaged to, and did not, perform an examination, 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
September 22, 2006

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2006**

- A. Observe that District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations described in Proposition 39, as well as approved District Board policies related to purchasing and contracts. This will be accomplished through the inspection of specified documents including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents to reach a testing threshold of at least 60 percent of all bond expenditures.
- B. Observe 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, 2005 and June 30, 2006, 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, 2006. 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
JUNE 30, 2006

Agreed-Upon Procedure (A)

Procedure

Observe that District procedures for disbursement of funds related to the voter approved general obligation bonds were applied in accordance with laws and regulations described in Proposition 39, as well as approved District Board policies related to purchasing and contracts. This will be accomplished through the inspection of specified documents including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents to reach a testing threshold of at least 60 percent of all bond expenditures.

Results

We selected a total of 68 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

Observe 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
JUNE 30, 2006**

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 42

<u>Description</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Capital outlay	\$ 7	\$ 7	100%
Total Fund	\$ 7	\$ 7	100%

Fund 45

<u>Description</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Capital outlay	\$ 4,094	\$ 4,094	100%
Total Fund	\$ 4,094	\$ 4,094	100%

Fund 47

<u>Description</u>	<u>Expenditures and Other Uses Incurred</u>	<u>Expenditures and Other Uses Tested</u>	<u>Percentage of Total</u>
Other uses	\$ 2,206,532	\$ 2,206,532	100%
Capital outlay	12,187,191	5,598,353	46%
Total Fund	\$ 14,393,723	\$ 7,804,885	54%

Fund 48

<u>Description</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Capital outlay	\$ 14,300,926	\$ 11,758,829	82%
Total Fund	\$ 14,300,926	\$ 11,758,829	82%

Total All Funds	\$ 28,698,750	\$ 19,567,815	68%
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**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2006**

Agreed-Upon Procedure (C)

Procedure

Prepare a schedule of all costs incurred between July 1, 2005 and June 30, 2006, by project, for the local bond measure funding and totaling inception-to-date expenses.

Results

2005 General Obligation Refunding Bonds Fund 42	July 1, 2005 to June 30, 2006 Actual Expenses	Inception-to-Date Expenses June 30, 2006
Library Addition and Warehouse	\$ -	\$ 2,058
Canyon Country Education Center	7	2,910,539
Miscellaneous Projects and Costs of Issuance	-	363,864
Subtotal	<u>7</u>	<u>3,276,461</u>
2002 Series A General Obligation Bonds Fund 45	July 1, 2005 to June 30, 2006 Actual Expenses	Inception-to-Date Expenses June 30, 2006
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	4,094	875,228
Site Improvements and Renovation	-	1,965,717
Miscellaneous Projects and Costs of Issuance	-	902,200
Subtotal	<u>4,094</u>	<u>22,395,565</u>

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
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2005 Series General Obligation Bonds Fund 47	July 1, 2005 to June 30, 2006 Actual Expenses	Inception-to-Date Expenses June 30, 2006
Repair and Renovation of Existing Facilities	\$ 698,611	\$ 698,611
Science Laboratory Building Addition	6,586,092	6,586,092
University Center	503,578	503,578
Classroom Building Adjoining the New Performing Arts Center	383,545	383,545
Health Education/Cardiovascular/Physical Education Center	204,027	204,027
Voc/Tech Building Addition and General Purpose Classroom Building	14,495	14,495
Classroom Building/High Tech Lab Center	316,400	316,400
Canyon Country Education Center	959,589	959,589
Site Improvements	2,429,227	2,429,227
Miscellaneous Projects and Costs of Issuance	2,298,160	2,298,160
Subtotal	14,393,724	14,393,724
2003 Series General Obligation Bonds Fund 48	July 1, 2005 to June 30, 2006 Actual Expenses	Inception-to-Date Expenses June 30, 2006
Repair and Renovation of Existing Facilities	\$ 116,117	\$ 116,117
Science Laboratory Building Addition	725,374	1,316,086
University Center	62,829	62,829
Classroom Building Adjoining the New Performing Arts Center	675,898	675,898
Health Education/Cardiovascular/Physical Education Center	34,730	55,730
Voc/Tech Building Addition and General Purpose Classroom Building	134,976	134,976
Classroom Building/High Tech Lab Center	2,107,598	2,107,598
Canyon Country Education Center	10,076,859	10,578,175
Site Improvements	339,455	339,455
Miscellaneous Projects and Costs of Issuance	27,090	567,087
Subtotal	14,300,926	15,953,951
Total All Funds	\$ 28,698,751	\$ 56,019,701

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2006

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

The following schedule, including budget information, is based upon GO bonds issued May 2002, May 2005, August 2003, and November 2005. Total dollars allocated from GO bond issuances amounted to \$91,054,199. Total expenditures to date from all funds total \$56,019,701. As of June 30, 2006, the remaining budget from GO bonds issued is estimated at \$35,034,498 for future completion of all projects. This analysis does not include expenditures incurred subsequent to June 30, 2006.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
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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, 2006 ²	Total Remaining GO Bond Balance Outstanding ¹
Repair and Renovation of Existing Facilities (includes scheduled maintenance, turf, and secondary effects)	\$ 4,773,695	\$ -	\$ 4,773,695	\$ 4,205,955	\$ 567,740
Laboratory Center Addition	20,470,649	7,721,000	12,749,649	8,345,115	4,404,534
University Center (2 story wing)	27,965,333	25,465,333	2,500,000	1,753,010	746,990
Music/Dance Building	7,874,594	-	7,874,594	7,697,916	176,678
P E Addition	6,541,640	2,795,000	3,746,640	307,797	3,438,843
Vocational Tech Addition	1,535,409	-	1,535,409	1,535,409	-
General Purpose Classroom Building (buying temporary modular August 2005)	149,471	-	149,471	149,471	-
High Tech Classroom/Lab	19,904,478	8,878,000	11,026,478	5,912,916	5,113,562
Library Addition	38,854	-	38,854	38,854	-
Warehouse	1,884,015	-	1,884,015	1,884,015	-
Canyon Country Center	30,000,000	-	30,000,000	15,323,531	14,676,469
Site Improvements/Renovations - (includes infrastructure and central plant)	18,965,718	12,000,000	6,965,718	4,734,400	2,231,318
Media Arts Technology Remodel	-	-	-	-	-
Other Items Not Specific to Above	4,555,590	-	4,555,590	4,131,312	424,278
Subtotal	144,659,446	56,859,333	87,800,113	56,019,701	31,780,412
Add Contingency	3,254,086	-	3,254,086	-	3,254,086
	\$ 147,913,532	\$ 56,859,333	\$ 91,054,199	\$ 56,019,701	\$ 35,034,498

¹ Estimates updated by District personnel through August 15, 2006. These estimates were not subject to verification.

² Actual costs incurred through June 30, 2006.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2006

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, 2006. 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, 2006, the expenditures from the Measure C Bond Funds were \$28,698,751 for fiscal year 2005-2006, and total \$56,019,701 to date. Bond proceeds received in 2003-2004, 2004-2005, and 2005-2006 fiscal years total \$87,600,046, and interest revenue earned to date of \$2,654,154 provide \$34,234,500 from the initial issuances available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures.