

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT**

MEASURE M GENERAL OBLIGATION BONDS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2008



**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 M General Obligation Bond requirements for the year ending June 30, 2008. 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 findings and recommendations 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 1, 2008

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**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2008**

- 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 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 35 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, 2007 and June 30, 2008, 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, 2008. 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 M GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2008**

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 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 35 percent of all bond expenditures.

Results

We selected a total of 48 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 M 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.

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 M Bond Initiative placed before the voters on November 7, 2006. 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 M Bond Fund, nor has any administrative or indirect costs been charged to the Measure M Bond Funds. The following table notes the expenditures by category and the amount selected for testing.

Fund 46

<u>Description</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Classified Salary Expense	\$ 82,908	\$ 82,908	100%
Classified Benefits Expense	27,925	27,925	100%
Service and Operating Expenditures	11,460	11,460	100%
Capital Outlay	27,515,362	13,152,092	48%
Total Fund	\$ 27,637,655	\$ 13,274,385	48%

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
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Agreed-Upon Procedure (C)

Procedure

Prepare a schedule of all costs incurred between July 1, 2007 and June 30, 2008, by project, for the local bond measure funding and totaling inception-to-date expenses.

Results

2006 General Obligation Bonds Fund 46	July 1, 2007 to June 30, 2008 Actual Expenses	Inception-to-Date Expenses June 30, 2008
University Center - East Wing	\$ 1,538,654	\$ 1,538,654
Library Expansion	341,916	341,916
Canyon Country Campus	22,990,213	30,139,769
Repairs and Modernization	617,203	617,203
Site Upgrades	1,085,605	1,085,605
Technology	211,929	279,342
Hotel Restaurant Management	3,950	3,950
Student Services Admin Building	35,294	35,294
M Building Expansion	172,541	172,541
Advanced Technology Building	124,500	124,500
Canyon Country Campus Parking Lot #2	93,346	93,346
Secondary Effects:		
M Building	15,500	15,500
First Floor I Building	67,562	67,562
Management Personnel - Bond Implementation	110,833	110,833
Master Plans	217,150	217,150
Miscellaneous Expenses	11,459	11,459
Cost of Issuance and Other Uses	-	2,602,721
Total	\$ 27,637,655	\$ 37,457,345

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.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2008**

Results

<u>Project Description</u>	<u>Total Estimated Cost of Project ¹</u>	<u>Total Anticipated Contributions from Other Sources ¹</u>	<u>Total Estimated Measure M Contribution 2008 ¹</u>
University Center - East Wing (Project also funded using Measure C)	\$ 28,197,000	\$ 26,658,346	\$ 1,538,654
Library Expansion (Project also funded using Measure C)	24,724,000	14,551,854	10,172,146
Canyon Country Campus (Site development, modulars, and expanded scope) (Project also funded using Measure C)	58,290,482	26,000,000	32,290,482
University Center - West Wing	11,359,000	5,200,000	6,159,000
Repairs and Renovations	8,945,212	-	3,570,212
Site Upgrades	5,997,000	-	1,697,000
Health and Safety	4,100,000	-	250,000
Technology	3,350,000	-	1,100,000
Hotel Restaurant Management - New Kitchen	600,000	-	600,000
Del Valle Public Safety Training Facility	15,000,000	-	1,000,000
Student Services/Admin Building	14,028,000	7,042,000	1,000,000
M Building Expansion	10,000,000	-	10,000,000
Advanced Technology Building - Canyon Country Campus	6,000,000	-	6,000,000
Canyon Country Campus Parking Lot #2	1,000,000	-	1,000,000
Canyon Country Campus - Permanent Building 1	14,552,500	11,642,000	500,000
Canyon Country Campus - Permanent Building 2	18,000,000	14,400,000	-
Canyon Country Campus - Permanent Building 3	21,000,000	16,800,000	-
Secondary Effects:			
M Building	2,000,000	-	2,000,000
First Floor I Building	1,200,000	-	1,200,000
Second Floor I Building	1,500,000	-	-
First Floor C Building	750,000	-	-
S Building (S-130)	450,000	-	450,000
Future Planned Equipment and Tech Replacement	10,500,000	-	2,000,000
Debt Service - Existing COPSS	15,125,000	-	-
Management Personnel - Bond Implementation	1,500,000	-	400,000
Master Plans	273,000	-	273,000
Costs of Issuances	2,602,721	-	2,602,721
Miscellaneous Expenses	114,999	-	49,599
Subtotal	<u>281,158,914</u>	<u>122,294,200</u>	<u>85,852,814</u>
Add Contingency	<u>7,004,406</u>	<u>-</u>	<u>16,306</u>
	<u>\$ 288,163,320</u>	<u>\$ 122,294,200</u>	<u>\$ 85,869,120</u>

¹ Estimates updated by District personnel through August 15, 2008. These estimates were not subject to verification.

² Actual costs incurred through June 30, 2008.

Total Estimated Measure M Contributions Future Issuances ¹	Total GO Bond Expenditures Through June 30, 2008 ²	Total Remaining GO Bond Balance Outstanding ¹
\$ -	\$ 1,538,654	\$ -
-	341,916	9,830,230
-	30,139,769	2,150,713
-	-	6,159,000
5,375,000	617,203	2,953,009
4,300,000	1,085,605	611,395
3,850,000	-	250,000
2,250,000	279,342	820,658
-	3,950	596,050
14,000,000	-	1,000,000
5,986,000	35,294	964,706
-	172,541	9,827,459
-	124,500	5,875,500
-	93,346	906,654
2,410,500	-	500,000
3,600,000	-	-
4,200,000	-	-
-	15,500	1,984,500
-	67,562	1,132,438
1,500,000	-	-
750,000	-	-
-	-	450,000
8,500,000	-	2,000,000
15,125,000	-	-
1,100,000	110,833	289,167
-	217,150	55,850
-	2,602,721	-
65,400	11,459	38,140
<u>73,011,900</u>	<u>37,457,345</u>	<u>48,395,469</u>
<u>6,988,100</u>	<u>-</u>	<u>16,306</u>
<u>\$ 80,000,000</u>	<u>\$ 37,457,345</u>	<u>\$ 48,411,775</u>

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE M GENERAL OBLIGATION BOND
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JUNE 30, 2008**

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, 2008. 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, 2008, the expenditures from the Measure M Bond Funds were \$27,637,655 for fiscal year 2007-2008, and total \$37,457,345 to date. Bond proceeds received to date total \$82,599,990, and interest revenue earned to date of \$3,269,130 provide \$48,411,775 from the initial issuances available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures.