

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT**

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

JUNE 30, 2004



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 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, 2003 through June 30, 2004. 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 below 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
June 30, 2004

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2004**

- A. Obtain an understanding of the internal control over the disbursement process for the Measure C Bond Funds.
- B. Determine District procedures for disbursement of Bond Funds were applied in accordance with laws and regulations as described in the State of California Education Code and the California State Chancellor's Office Budget and Accounting Manual, as well as approved Santa Clarita Community College District Board policies for expenditures. At the request of the District, a minimum of 65 percent of all expenditures charged against the Bond Funds was selected for testing.
- C. Review compliance with expenditure allowances within the Measure C Bond Initiative placed on the Local Election Ballot held on November 6, 2002, for all items selected for testing noted above.
- D. Test appropriateness of Bond expenditures to the object code classification within the general ledger for all items selected for testing noted above.
- E. Analyze the balance of Measure C Bond Funds available at June 30, 2004, for future expenditures and prepare a balance sheet and statement of revenues, expenditures and changes in fund balance.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2004

Agreed-Upon Procedure (A)

Procedure

Obtain an understanding of the internal control over the disbursement process for the Measure C Bond Funds.

Results

We obtained an understanding of the internal control over the disbursement of the Bond Funds through inquiry, analysis, and testing of the controls. Based upon our procedures, the internal control process appears to be functioning as described. For the items selected for testing, there were no deviations noted in the internal controls over the disbursement process.

Agreed-Upon Procedure (B)

Procedure

Determine District procedures for disbursement of Bond Funds were applied in accordance with laws and regulations as described in the State of California Education Code and the California State Chancellor's Office Budget and Accounting Manual, as well as approved Santa Clarita Community College District Board policies for expenditures. We obtained this understanding through review and testing of actual invoices, purchase orders, encumbrances, inter-fund transfers, and construction bid documents. At the request of the District, a minimum of 65 percent of all expenditures charged against the Bond Funds was selected for testing.

Results

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 expenditures and uses encumbrance accounting to ensure all approved expenditures have been budgeted and funds are available. Documentation to support interfund transfers includes original invoices and approvals as are necessary to ensure the expenditure met the requirements of the Measure C Bond Initiative. The District used formal bid procedures to select contractors for the various projects.

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2004

Agreed-Upon Procedure (C)

Procedure

Review compliance with expenditure allowances within the Measure C Bond Initiative placed on the Local Election Ballot held on November 6, 2002, for all items selected for testing noted above.

Results

For all expenditures selected in the prior Agreed-Upon Procedure, 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, 2002. 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 reported by category and the amount selected for testing.

<u>Description</u>	<u>Expenditures Incurred</u>	<u>Expenditures Tested</u>	<u>Percentage of Total</u>
Service and operating expenditures	\$ 545,267	\$ 403,498	74.0%
Capital outlay	6,399,579	4,333,106	67.7%
Total	<u>\$ 6,944,846</u>	<u>\$ 4,736,604</u>	68.2%

Agreed-Upon Procedure (D)

Procedure

Test appropriateness of Bond expenditures to the object code classification within the general ledger for all items selected for testing noted in the Agreed-Upon Procedure C above.

Results

For the items selected for testing, there were no exceptions noted. The expenditures reflected within the general ledger object code classifications were proper and in accordance with provisions of California State Chancellor's Office Budget and Accounting Manual.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
AGREED-UPON PROCEDURES
JUNE 30, 2004**

Agreed-Upon Procedure (E)

Procedure

Analyze the balance of Measure C Bond Funds available at June 30, 2004, for future expenditures and prepare the balance sheet and statement of revenues, expenditures and changes in fund balance.

Results

As stated in the District's audited financial statements as of June 30, 2004, the expenditures from the Measure C Bond Funds were \$6,944,846 for fiscal year 2003-2004, and total \$12,314,407 to date. Bond proceeds received in 2001-2002 and 2003-2004 fiscal years total \$39,123,981, and interest revenue earned to date of \$846,567 provide \$27,656,141 from the initial issuances available for future expenditures. There were no adjustments to the District's financial records as a result of our procedures. The balance sheet and statement of revenues, expenditures, and changes in fund balance, as reported in the District's Annual Audited Financial Statements, are included on the following pages.

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
BALANCE SHEET
JUNE 30, 2004**

	GO Bond Series 2002	GO Bond Series 2003
ASSETS		
Investments	\$ 11,725,382	\$ 16,611,855
Accounts receivable	44,750	58,128
Total Assets	\$ 11,770,132	\$ 16,669,983
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	668,958	115,016
Total Liabilities	668,958	115,016
 FUND EQUITY		
Fund Balances		
Unreserved		
Designated	11,101,174	16,554,967
Total Fund Equity	11,101,174	16,554,967
Total Liabilities and Fund Equity	\$ 11,770,132	\$ 16,669,983

**SANTA CLARITA COMMUNITY COLLEGE DISTRICT
MEASURE C GENERAL OBLIGATION BOND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004**

	GO Bond Series 2002	GO Bond Series 2003
REVENUES		
Local revenues	\$ 203,650	\$ 205,815
Total Revenues	203,650	205,815
EXPENDITURES		
Current Expenditures		
Services and operating expenditures	111,849	433,418
Capital outlay	5,683,167	716,412
Total Expenditures	5,795,016	1,149,830
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,591,366)	(944,015)
OTHER FINANCING SOURCES (USES)		
Other sources	-	17,498,982
Total Other Financing Sources (Uses)	-	17,498,982
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5,591,366)	16,554,967
FUND BALANCE, BEGINNING OF YEAR	16,692,540	-
FUND BALANCE, END OF YEAR	\$ 11,101,174	\$ 16,554,967