

**SANTA CLARITA
COMMUNITY COLLEGE DISTRICT**

**MEASURE M GENERAL OBLIGATION BONDS
WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2007

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

JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Measure M General Obligation Bonds (the Bond Funds) of Santa Clarita Community College District (the District) as of June 30, 2007, 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, 2007, 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 M General Obligation Bonds of Santa Clarita Community College District as of June 30, 2007, 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.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 21, 2007

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

**BALANCE SHEET - MODIFIED ACCRUAL BASIS
JUNE 30, 2007**

	2007 Series GO Bonds
ASSETS	
Investments	\$ 76,450,401
Accounts receivable	389,027
Total Assets	<u>\$ 76,839,428</u>
 LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	<u>\$ 3,670,101</u>
 FUND EQUITY	
Fund Balances	
Unreserved	
Designated	<u>73,169,327</u>
Total Liabilities and Fund Equity	<u>\$ 76,839,428</u>

See the accompanying notes to financial statements.

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

**STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>2007 Series GO Bonds</u>
REVENUES	
Local revenues	\$ 389,027
 EXPENDITURES	
Services and operating expenditures (cost of issuance)	621,872
Capital outlay	7,216,969
Total Expenditures	<u>7,838,841</u>
 EXCESS OF REVENUES UNDER EXPENDITURES	<u>(7,449,814)</u>
 OTHER FINANCING SOURCES (USES)	
Other sources	82,599,990
Other uses	(1,980,849)
Total Other Financing Sources	<u>80,619,141</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	 73,169,327
FUND BALANCE, BEGINNING OF YEAR	-
FUND BALANCE, END OF YEAR	<u>\$ 73,169,327</u>

See the accompanying notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Measure M 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 M 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. The statement of activities is a statement of financial activities 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.

NOTE 3 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Investment in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Summary of Investments

Investments as of June 30, 2007, consist of the following:

County Pool - Los Angeles	<u>\$ 76,450,401</u>
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Fair Value	Maturity Date
County Pool - Los Angeles	\$ 76,318,028	543 days*

* Weighted average days to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating June 30, 2007
County Pool - Los Angeles	\$ 76,318,028	Not Required	Not Rated

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 4 - ACCOUNTS RECEIVABLE

The accounts receivable at June 30, 2007, in the amount of \$389,027 represents interest earnings that have yet to be received. All amounts have been determined by management to be fully collectable.

NOTE 5 - ACCOUNTS PAYABLE

The accounts payable at June 30, 2007, in the amount of \$3,670,101 represents amounts owed to vendors for both ongoing and completed construction projects.