

**CHABOT – LAS POSITAS COMMUNITY COLLEGE**

**GENERAL OBLIGATION BONDS  
FINANCIAL REPORT  
JUNE 30, 2006**

# CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

## BUILDING FUND TABLE OF CONTENTS JUNE 30, 2006

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Governing Board  
Chabot Las Positas Community College District  
Pleasanton, California

We have audited the accompanying financial statements of the Building fund of the Chabot Las Positas Community College District, as of and for the year ended June 30, 2006, 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. 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, the financial statements present only the Building fund and do not purport to, and do not, present fairly the financial position and results of operations of the Chabot Las Positas Community College in conformity with 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 of the Building fund of the Chabot Las Positas Community College at June 30, 2006, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Vavrinek, Trine, Day & Co LLP*

Pleasanton, California  
September 13, 2006

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**BUILDING FUND  
BALANCE SHEET  
JUNE 30, 2006**

ASSETS

Cash and investments	\$ 96,108,772
Accounts receivable	1,089,088
Due from other funds	<u>2,500,546</u>
Total Assets	<u>\$ 99,698,406</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 3,024,569
Due to other funds	<u>292,097</u>
Total Liabilities	<u>3,316,666</u>

FUND EQUITY

Fund balances	
Undesignated	<u>96,381,740</u>
Total Fund Equity	<u>96,381,740</u>
Total Liabilities and Fund Equity	<u>\$ 99,698,406</u>

The accompanying notes are an integral part of these financial statements.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**BUILDING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2006**

REVENUES	
Interest income	\$ 3,006,790
Total Revenues	<u>3,006,790</u>
EXPENDITURES	
Current Expenditures	
Salaries	168,859
Benefits	64,686
Books and supplies	10,932
Services and operating expenditures	1,364,695
Capital outlay	11,716,017
Interfund transfer	42,291
Total Expenditures	<u>13,367,480</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(10,360,690)</u>
OTHER FINANCING SOURCES (USES)	
Refunding bonds	104,001,324
Payment to refunding bond escrow agent	<u>(88,099,655)</u>
Total Other Financing Sources and Uses	<u>15,901,669</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,540,979
FUND BALANCE, Beginning of Year	<u>90,840,761</u>
FUND BALANCE, End of Year	<u>\$ 96,381,740</u>

The accompanying notes are an integral part of these financial statements.

# CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

## BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

### *NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting policies of the Chabot Las Positas Community College District bond funds conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Chabot Las Positas Community College District building fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

#### **Financial Reporting Entity**

The financial statements include only the Building fund of the Chabot Las Positas Community College District. This fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2004. The authorized issuance amount of the bonds is \$498,000,000. Series A of the bonds was sold on July 28, 2004 for \$100,000,000. In April 2006, a refunding bond was issued for \$89,275,849 to advance refund \$90,000,000 of the original Series A bonds and to provide an additional \$14,696,664 of cash from the premium associated with the refunding bonds. These financial statements are not intended to present fairly the financial position and results of operations of the Chabot Las Positas Community College District in compliance with accounting principles generally accepted in the United States of America.

#### **Fund Accounting**

The operations of the Building fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

#### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements of the Chabot Las Positas Community College District building fund are accounted for under the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. For the District, available means expected to be received within 60 days of fiscal year-end. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered), except for unmatured interest on long-term debt, which is recognized when due.

#### **Fund Balance Reserves and Designations**

Reservations of the ending fund balance indicate the portions of fund balance not available for appropriation or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period. No amounts were reserved or designated at June 30, 2006.

# CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

## BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

### Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Supplemental taxes for repayment of bond proceeds are collected by the County of Alameda from all taxable property within the District and deposited in the Bond Interest and Redemption Fund of the District. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10, and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes for the District. The District recognizes tax revenues when received.

### 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### NOTE #2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

**Investments Authorized Under Debt Agreements** - The debt agreement limits investments to the Alameda County Investment Pool. The Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
County Pooled Investment Funds	N/A	None	None

**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.

**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 depositing substantially all of its funds in the County Treasury Pool. The fair value of deposits at the County Treasury at June 30, 2006 was \$92,871,751 and the weighted average maturity of the pool is 1.00 years.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006**

**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 measure by the assignment of a rating by a nationally recognized statistical rating organization. The Building Fund only invests in County Pooled Investment Funds which are not required to be rated.

*NOTE #3 – ACCOUNTS RECEIVABLE*

Receivables at June 30, 2006, consist of the following:

Interest	<u>\$ 1,089,088</u>
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*NOTE #4 – INTERFUND TRANSACTIONS*

**Interfund Receivables (Due from) and Payables (Due To)**

Interfund receivables and payables at June 30, 2006 are as follows:

Due from capital fund for expenditures temporarily paid from bond funds	<u>\$ 2,500,546</u>
Due to General fund for salary reimbursement	<u>\$ 292,097</u>

*NOTE #5 – ACCOUNTS PAYABLE*

Accounts payable at June 30, 2006, consists of the following:

Program manager	\$ 246,547
Specialized equipment (computers, science lab & automotive)	883,051
Contractors	259,259
Others	<u>1,635,712</u>
Total	<u>\$ 3,024,569</u>

*NOTE #6 – FUND BALANCES*

Fund balances are composed of the following elements:

Unreserved Undesignated	<u>\$96,381,740</u>
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# CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

## BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

### NOTE #7 –LONG-TERM DEBT

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds. However, they are reported as liabilities on the Statement of Net Assets in the Government financial statements of the Chabot Las Positas Community College District. In July 2004, the District issued Series A of the 2004 general obligation bonds in the amount of \$100 million to fund capital projects. In April 2006, the District refunded \$90 million of the Series A bonds and generated an additional \$14.7 million of available funds from the premium associated with this refunding.

General obligation bonds have been issued and are outstanding as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds 07/01/05	Issued	Payments	Bonds 06/30/06
2004	2011	3.500-5000%	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 90,000,000	\$ 10,000,000
2006	2021	3.500-5000%	\$ 89,275,849	-	89,275,850	-	89,275,850
				<u>\$ 100,000,000</u>	<u>\$ 89,275,850</u>	<u>\$ 90,000,000</u>	<u>\$ 99,275,850</u>

### Debt Service Requirements

The general obligation bonds mature through 2022 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2007	\$ 8,330,000	\$ 2,982,686	\$ 11,312,686
2008	6,125,000	3,413,163	9,538,163
2009	6,340,000	3,194,650	9,534,650
2010	6,565,000	2,953,425	9,518,425
2011	6,820,000	2,683,350	9,503,350
2012-2016	21,031,599	26,964,317	47,995,916
2017-2021	34,874,251	12,545,312	47,419,563
2022	9,190,000	227,500	9,417,500
Total	<u>\$ 99,275,850</u>	54,964,403	154,240,253
Interest accreted to date		<u>460,342</u>	<u>460,342</u>
Total including accreted interest		<u>\$ 55,424,745</u>	<u>\$ 154,700,595</u>

As of June 30, 2006, there was \$12,354,222 in the Bond Interest and Redemption Fund of Chabot Las Positas Community College District, which will be used to make interest and principal payments on the bonds.

**CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006**

*NOTE #8 – COMMITMENTS AND CONTINGENCIES*

As of June 30, 2006, the Building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Student counseling - Chabot	\$ 2,337,641	Dec-09
Building 700 - Chabot	1,074,577	Jun-08
Physical education complex and athletic fields - Chabot	3,099,362	Dec-09
Classrooms 300, 500, 800 and 900 - Chabot	1,543,610	Jun-09
Other projects - Chabot	1,826,596	thru June 2007
Multidisciplinary building - Las Positas	5,550,079	Dec-07
SSC and administration buildings - Las Positas	3,401,000	Jun-10
College Center for the Arts - Las Positas	2,420,175	Jun-09
Child development center - Las Positas	709,649	Dec-08
Physical education phase II - Las Positas	612,150	thru June 2007
Other projects - Las Positas	419,160	thru June 2007
Program level services - Districtwide	2,642,149	thru June 2007
Total	\$ 25,636,148	