

CHABOT – LAS POSITAS COMMUNITY COLLEGE

GENERAL OBLIGATION BONDS

FINANCIAL REPORT

JUNE 30, 2008

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND TABLE OF CONTENTS JUNE 30, 2008

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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Citizens Oversight Committee
And 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, 2008, 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 District 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 District at June 30, 2008, 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
December 1, 2008

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

**BUILDING FUND
BALANCE SHEET
JUNE 30, 2008**

ASSETS

Cash and investments	\$ 465,199,385
Accounts receivable	1,360,280
Other assets	5,248
Due from other District funds	<u>1,244,571</u>
Total Assets	<u>\$ 467,809,484</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	<u>\$ 20,858,788</u>
Total Liabilities	<u>20,967,989</u>

FUND EQUITY

Fund balances	
Undesignated	<u>446,841,495</u>
Total Fund Equity	<u>446,841,495</u>
Total Liabilities and Fund Equity	<u>\$ 467,809,484</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, 2008**

REVENUES	
Local revenues	<u>\$ 23,643,969</u>
EXPENDITURES	
Current Expenditures	
Salaries	711,702
Benefits	219,117
Books and supplies	22,511
Services and operating expenditures	313,395
Capital outlay	<u>56,494,321</u>
Total Expenditures	<u>57,761,046</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(34,117,077)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(34,117,077)
FUND BALANCE, Beginning of Year	<u>480,958,572</u>
FUND BALANCE, End of Year	<u>\$ 446,841,495</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, 2008

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 Community Colleges Budget and 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 \$89,275,850 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. In October 2006, Series 2006B and Series 2006C were issued for the amounts of \$229,159,710 and \$168,838,667, respectively. 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, 2008.

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

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. Property taxes collected for debt repayment is recorded in the Bond Interest and Redemption Fund of the District.

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.

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE #2 – DEPOSITS 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>
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

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 purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

**BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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

Investment Type	Fair Value	Maturity Date
County Pool	\$ 40,961,506	6/30/2008
Repurchase Agreement	424,237,879	11/1/2011
Total	<u>\$ 465,199,385</u>	

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 at Year End
County Pool	\$ 40,961,506	None	N/A
Repurchase Agreement	424,237,879	AA	AAA
Total	<u>\$ 465,199,385</u>		

Concentration of Credit Risk – The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent (5%) or more of the total investments are as follows.

Investment Type	Issuer	Reported Amount
Repurchase Agreement	Citigroup Global Markets Inc.	<u>\$ 424,237,879</u>

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

**BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2008, consisted of the following:

Interest	\$ 402,353
J.W. & Sons	<u>957,927</u>
	<u>\$ 1,360,280</u>

NOTE #4 – INTERFUND TRANSACTIONS

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

Interfund receivables and payables at June 30, 2008 are as follows:

Due from Capital Projects fund for transfer of state project funds received for buildings 800/900	\$ 1,231,828
Due from Capital Projects fund for transfer of matching funds for buildings 800/900	<u>12,744</u>
Total due from other funds	<u>\$ 1,244,572</u>

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2008, consists of the following:

Vendor payables	<u>\$ 20,858,788</u>
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NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved Undesignated	<u>\$ 446,841,495</u>
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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. The information presented below is for informational purposes only.

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

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

additional \$14.7 million of available funds from the premium associated with this refunding. In October 2006, the District issued Series B and Series C of the 2004 general obligation bonds in the amount of \$229 million and \$169 million, respectively, to fund capital projects.

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

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds 07/01/07	Accretion	Payments	Bonds 06/30/08
2004	2011	3.500-5.000%	\$ 100,000,000	\$ 2,620,000	\$ -	\$ 490,000	\$ 2,130,000
2006	2021	3.500-5.000%	\$ 89,275,849	89,984,775	1,863,308	5,635,000	86,213,083
2006	2031	4.000-5.000%	\$ 229,159,710	232,335,511	4,411,130	6,305,000	230,441,641
2006	2046	4.090-5.100%	\$ 168,838,667	175,416,854	9,182,217	-	184,599,071
				<u>\$ 500,357,140</u>	<u>\$ 15,456,655</u>	<u>\$ 12,430,000</u>	<u>\$ 503,383,795</u>

Debt Service Requirements

The general obligation bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	\$ 6,340,000	\$ 9,842,700	\$ 16,182,700
2010	7,272,101	9,601,475	16,873,576
2011	8,082,805	9,331,400	17,414,205
2012	8,900,451	9,023,463	17,923,914
2013	7,562,910	10,971,186	18,534,096
2014-2018	34,059,571	62,768,330	96,827,901
2019-2023	64,258,800	36,750,750	101,009,550
2024-2028	50,018,603	33,240,250	83,258,853
2029-2033	144,517,845	14,056,025	158,573,870
2034-2038	54,990,510	-	54,990,510
2039-2043	51,560,032	-	51,560,032
2044-2047	38,950,598	-	38,950,598
Total	<u>476,514,226</u>	<u>\$ 195,585,579</u>	<u>\$ 633,149,207</u>
Interest accreted to date	<u>26,869,569</u>		
Total including accreted interest	<u>\$ 503,383,795</u>		

As of June 30, 2008, there was \$12,087,473 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, 2008**

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2008, the Building fund had the following commitments with respect to unfinished capital projects:

<u>Description</u>	<u>Amount</u>	<u>Completion Dates</u>
DISTRICT		
On-Going Maintenance & Repairs: Roofs, HVAC (A, B, C, E)	\$ 5,000	Through June 09
Program Level Services, District (A, B, C, D, E)	8,115	Through June 09
CHABOT COLLEGE		
Administration Building - 200 (E, K, N, Y)	540	Through June 09
Classroom Building 300/500 (E, F)	102,747	August-09
Instructional Office Building 700 (H)	12,948,845	June-09
Classroom Buildings 800, 900, 1000 (E, F)	2,091,176	January-09
Industrial Technology Building - 1400 (E, F)	316,500	Through June 09
Engineering Building - 1600 (F)	56,785	Through June 09
Science Lecture Hall / Planetarium (F)	184,252	July-09
Health Science Building - 2200 (E, F)	198,000	Through June 09
Community and Student Services Center * (E, F, I)	26,748,032	August-09
Showers/Restrooms & Classrooms, Bldg 4100 (E, F)	1,836,085	December-11
Athletic Fields / Tennis Courts (E, F)	910,409	August-08
Temporary Faculty Offices (F)	474,327	Through June 09
Classroom/Lab Equipment & Library Materials (F)	49,806	Through June 09
Project & Construction Management (Y)	5,338,759	Through June 09
Central Plant (K)	14,614,422	December-08
Parking Lots A & B and G & H (F)	2,287,458	August-08
Swimming Pool (E, F)	4,447	June-08
Miscellaneous Site Work (F)	133,133	Through June 09
Solar Projects (K)	9,562,642	June-09

CHABOT LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

LAS POSITAS

Multi-Disciplinary Education Building (E, O, S)	276,989	December-08
Multi-Disciplinary Education Building - Re-Work (E, O, S)	79,836	December-08
Child Development Center (E, O, S)	557,247	July-10
College Center for Arts (E, O)	1,982,534	May-10
PE Complex (Gym) - Re-Work (E, O)	114,326	Through June 09
Student Services & Central Administration (O, P, U, X)	2,782,719	April-12
Renovations (O, E)	88,106	Through June 09
Maintenance and Operations Facility (E, O)	1,479,946	March-09
Instructional Equipment (O)	38,779	Through June 09
Central Utility Plant (O, V)	9,791,552	July-09
Districtwide Information Technology Building (E, O, W)	216,752	January-10
Program & Construction Management (Y)	898,561	Through June 09
Campus Boulevard Phases I-III (P, X)	43,905	August-09
Parking Lot Upgrades (P, X)	30,816	Through June 09
PE Phase III (Outside Loop Road) (E, O)	653,847	March-10
Aquatic Center & Soccer Fields (E, O)	4,877,202	December-08
EIR Services (Y)	66,666	Through June 09
Site Utilities & Grading (V, X)	38,195	Through June 09
Solar Projects (V)	11,432,092	December-08
Fire Alarm Upgrade	24,277	Through June 09
TOTAL	<u>\$ 113,345,826</u>	