

CHABOT – LAS POSITAS COMMUNITY COLLEGE

**GENERAL OBLIGATION BONDS
FINANCIAL REPORT
JUNE 30, 2005**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND TABLE OF CONTENTS JUNE 30, 2005

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

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, 2005, 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, 2005, 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
October 7, 2005

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND BALANCE SHEET JUNE 30, 2005

ASSETS

Cash and investments	\$ 93,678,834
Accounts receivable	670,937
Total Assets	<u>\$ 94,349,771</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 2,112,482
Due to other funds	1,396,528
Total Liabilities	<u>3,509,010</u>

FUND EQUITY

Fund balances	
Undesignated	90,840,761
Total Fund Equity	<u>90,840,761</u>
Total Liabilities and Fund Equity	<u>\$ 94,349,771</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, 2005

REVENUES	
Interest income	<u>\$ 1,631,411</u>
EXPENDITURES	
Current Expenditures	
Books and supplies	17,856
Services and operating expenditures	1,467,202
Capital outlay	6,181,591
Debt Service	
Principal	4,303,911
Interest	276,174
Total Expenditures	<u>12,246,734</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(10,615,323)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issuance, net of premium	102,810,611
Transfer out - debt service reserve requirement	<u>(1,354,527)</u>
Total Other Financing Sources	<u>101,456,084</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES FUND BALANCE, Beginning of Year	-
FUND BALANCE, End of Year	<u>\$ 90,840,761</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, 2005

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. The first of the series of bonds was sold on July 28, 2004 for \$100,000,000. 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 funds is 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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

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, 2005.

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:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

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, 2005 was \$93,706,341 and the weighted average maturity of the pool is .93 years.

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.

Custodial Credit Risk – Deposits - This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2005, the District's cash balance in U.S. Bank of \$20,352 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE #3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2005, consist of the following:

Interest	<u>\$ 670,937</u>
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NOTE #4 – INTERFUND TRANSACTIONS

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

Interfund receivables and payables at June 30, 2005 are as follows:

Due to General fund for use tax paid by General fund	\$ 38,857
Due to State Capital Outlay fund for P.E. complex expenditure reimbursements	3,144
Due to Bond Interest and Redemption fund for required funding of reserves.	<u>1,354,527</u>
	<u>\$ 1,396,528</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**BUILDING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2005, consists of the following:

Program manager	\$ 797,653
Specialized equipment (computers, science lab & automotive)	905,102
Contractors	152,225
Others	257,502
Total	<u>\$ 2,112,482</u>

NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved	
Undesignated	<u>\$90,840,761</u>

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 Entity Wide financial statements of the Chabot-Las Positas Community College District. In July 2004, the District issued \$100 million in general obligation bonds to fund capital projects. The Building fund received \$102,810,611 from the sale of bonds, which consisted of \$100 million face value of the bonds plus premium of \$2,810,611. The bond required that \$1,354,527 of the premium be transferred to the Bond Interest and Redemption fund for debt service reserve requirements and \$1,456,084 was paid for costs of issuance, thus leaving \$100,000,000 available for capital projects.

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

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds 07/01/04	Issued	Payments	Bonds 06/30/05
2004	2029	2.000-5.125	\$100,000,000	\$ -	\$ 100,000,000	\$ -	\$ 100,000,000

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

BUILDING FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2005

Debt Service Requirements

The general obligation bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2006	\$ 6,665,000	\$ 4,355,173	\$ 11,020,173
2007	7,380,000	4,208,838	11,588,838
2008	2,155,000	4,037,013	6,192,013
2009	2,230,000	3,971,238	6,201,238
2010	2,310,000	3,903,138	6,213,138
2011-2015	13,030,000	18,027,063	31,057,063
2016-2020	16,425,000	14,598,663	31,023,663
2021-2025	21,210,000	9,952,719	31,162,719
2026-2029	28,595,000	3,844,375	32,439,375
Total	<u>\$ 100,000,000</u>	<u>\$ 66,898,220</u>	<u>\$ 166,898,220</u>

As of June 30, 2005, there was \$11,719,858 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.

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2005, the Building fund had the following commitments with respect to unfinished capital projects:

Description	Amount	Expected Completion Dates
Multi Disciplinary Building - Las Positas	\$ 5,300,010	through 12/31/07
P.E. Building - Phase I - Las Positas	863,504	through 6/30/06
Gateway computers - Chabot & Las Positas	377,502	through 6/30/06
Other projects - Chabot & Las Positas	991,177	through 6/30/06
Total	<u>\$ 7,532,193</u>	