

**CHABOT – LAS POSITAS COMMUNITY COLLEGE  
DISTRICT**

**GENERAL OBLIGATION BONDS  
AGREED-UPON PROCEDURES  
REPORT  
JUNE 30, 2005**



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

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES

Governing Board and  
Citizens' Fiscal Oversight Committee  
Chabot-Las Positas Community College District  
Pleasanton, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Chabot-Las Positas Community College District and the Citizen's Fiscal Oversight Committee, to review 25% of the expenditures of the 2004 General Obligation Bond funds for the period of July 1, 2004 to June 30, 2005 for the purpose of verifying if the use of the funds is within the scope of the published materials specifying the intended use of bond funds. We used election documents, District resolutions, the master plan and any updated master plans as the guidance for the intended use of the funds. For any expenditures in question, we recommended that the District obtain the opinion of legal counsel and we informed this committee as to the issues. Management is responsible for Chabot-Las Positas Community College District's compliance with election documents, district resolutions, master plan, and the revised master plan. This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and meets the compliance requirements to perform an "audit" as outlined in Subparagraph (C) of paragraph (3) of subdivision (b) of section 1 of Article XIII A of the California Constitution. The sufficiency of these procedures is solely the responsibility of those specified parties in this 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.

*Financial Summary*

1. The general obligation bond funds were authorized at an election of the registered voters of the District held on March 2, 2004. The bonds were authorized at an issuance of \$498,000,000 principal amount for the purpose of financing the acquisition, construction and modernization of facilities. The first series of the bonds were issued in 2004 and sold in the amount of \$100,000,000.

2. Total expenditures and commitments through June 30, 2005 were \$18,322,843.
3. An analysis of expenditures is as follows:

General obligation bond proceeds, series 1	\$ 100,000,000
Bond premium	2,810,612
Proceeds from sale of bond	<u>102,810,612</u>
Required deposit to debt service reserve account	(1,354,528)
Bond issuance costs (included in services above)	<u>(1,456,084)</u>
Cash from sale of bond available for Measure B projects	100,000,000
Interest earned in building fund	1,631,411
Total expenditures and commitments	<u>(18,322,843)</u>
Amount available	<u><u>\$ 83,308,568</u></u>

Available unspent funds from the bond as of June 30, 2005 are as follows:

General obligation bonds proceeds, series 1	\$ 100,000,000
Bond premium	2,810,612
Proceeds from sale of bond	<u>102,810,612</u>
Required deposit to debt service reserve account	(1,354,528)
Bond issuance costs (included in services above)	<u>(1,456,084)</u>
Cash from sale of bond available for Measure B projects	100,000,000
Interest earned in building fund	1,631,411
Total expenditures and commitments	<u>(18,322,843)</u>
Amount available	<u><u>\$ 83,308,568</u></u>

*Agreed Upon Procedures Performed*

1. Verify that the expenditure of funds were accounted for separately in the accounting records to allow for accountability.
2. Verify that the net funds from the sale of the General Obligation Bonds were deposited in total into the District's accounts by obtaining settlement statement for the new bond issue and verifying amounts deposited into the Building and Bond Interest and Redemption funds.
3. Select 25% of the expenditures and verify that the funds expended complied with the purpose that was specified to the registered voters of the District through election materials, district resolutions, master plan, and revised master plans.
4. Verify that District's internal control procedures are operating according to District policies.
5. Verify that the State and District policies were followed in the awarding of bids and expenditure of the funds.

### *Results of Procedures*

1. The general obligation bond fund expenditures were accounted for separately in the Building fund of the District.
2. The net proceeds from the sale of the general obligation bonds during the year were deposited into building fund. However, we noted that the amount of bond proceeds due to the bond interest and redemption fund were deposited into the capital projects fund, thus overstating the cash balance of the capital projects fund. We proposed and recorded an adjustment to record the amount due to the Bond Interest and Redemption fund.
3. Our review of the expenditures for the period July 1, 2004, through June 30, 2005, did not reveal any items that were paid from the general obligation bond funds that did not comply with the purpose of the Bonds that were approved by the registered voters of the District on March 2, 2004. See supplemental information for list of expenditures reviewed.
4. Our review of the internal control procedures followed on selected invoices revealed no exceptions to the basic internal control policies of the District. However, we did note two areas that are opportunities for strengthening the coordination and improving on the implementation of procedures which ensure that transactions are appropriately and timely processed and recorded.
  - a. Delivery dates of equipment were not readily available during our review of the purchase order packets. Delivery dates are used to determine whether tangible goods should be recorded as an expenditure of the 2004/2005 fiscal year or of the 2005/2006 fiscal year. Therefore, the verification of recording of expenditures in the appropriate fiscal year was more difficult than it needed to be. As significant amounts of computers and other tangible items are being received, we recommend that the project managers, facilities, receiving, and accounting departments jointly determine a solution to this issue.
  - b. We noted that the coordination of information flow between the project managers, the facilities department, and the accounting department could be improved. In particular, while reviewing accounts payable balances, we noted that the accounting department had difficulty in obtaining timely information to appropriately record accounts payable balances and documentation to support the recorded balances was not always complete. We recognize this is the first year for the Measure B projects and the processes and procedures continue to be customized as needed. We encourage the District to continue improving the coordination between all the departments involved and recognize that interaction between all the involved departments will become ever more important as there will be an increase in the volume of expenditures in the future.
5. Our review of the awarding of contracts and the disbursement of funds revealed no exceptions to the policies of the State and the District.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 information and use of the Chabot-Las Positas Community College District and the Citizen's Fiscal Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

*Vavinek, Trine, Day & Co LLP*

Pleasanton, California  
October 7, 2005

SUPPLEMENTAL INFORMATION

CHABOT - LAS POSITAS COMMUNITY COLLEGE DISTRICT

SUPPLEMENTAL INFORMATION  
 EXPENDITURES REVIEWED  
 JULY 1, 2004 TO JUNE 30, 2005

Warrant Date	Warrant Number	Object Code	Project Code	Vendor	Description from invoice or estimated payable form	Service Period or Delivery Date	Amount
08/24/05	201950	5730	501	Public Agency Law Group	Professional Services	05/01/05-05/31/05	5,328
11/19/04	089600	5730	551	Public Agency Law Group	Professional Services	09/01/04-09/30/04	1,673
09/16/05	203080	6214	501	DMJM Program Management	Labor	05/01/05-05/27/05	170,863
09/16/05	203081	6214	501	DMJM Program Management	Labor	05/28/05-06/30/05	121,771
09/09/04	902978	6214	501	DMJM Program Management	Labor	06/07/04-06/09/04	2,269
01/21/05	088306	6235	502	Alcal/Arcade Contracting Inc.	Chabot Roofing Project	12/1/04-12/23/04	268,042
07/25/05	201520	6430	501	Gateway Computer	200 Computers	6/16/2005	227,155
12/03/04	090076	6430	501	Virtual PC	Pentium computers	11/22/2004	22,835
					Escrow account for		
07/28/04	wire xfer	7110	552	BNY Western Trust Company	repayment of 1995 COPs	7/28/2004	3,600,323
					Total Invoices Tested		4,420,259
					Total Expenditures		12,246,734
					Percent Tested		36.1%