

**SAN MATEO COUNTY
COMMUNITY
COLLEGE DISTRICT**

**CAPITAL OUTLAY –
BOND FUND
FINANCIAL REPORT**

JUNE 30, 2004

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND

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JUNE 30, 2004

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INDEPENDENT AUDITORS' REPORT

Measure C Citizens' Oversight Committee
San Mateo County Community College District
San Mateo, California

We have audited the accompanying financial statements of the capital outlay - bond fund of the San Mateo County Community College District, as of and for the year ended June 30, 2004, 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 general-purpose 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 capital outlay - bond fund and are not intended to present fairly the financial position and results of operations of the San Mateo County 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 capital outlay - bond fund of the San Mateo County Community College District at June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vavinek, Trine, Day & Co LLP

Pleasanton, California
October 1, 2004

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY - BOND FUND
BALANCE SHEET
JUNE 30, 2004**

ASSETS

Investments	\$ 51,490,687
Accounts receivable	458,058
Due from other funds	75
Total Assets	<u>\$51,948,820</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 4,667,579
Due to other funds	303
Total Liabilities	<u>4,667,882</u>

FUND EQUITY

Fund balances	
Unreserved	
Undesignated	<u>47,280,938</u>
Total Liabilities and Fund Equity	<u>\$51,948,820</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004**

REVENUES	
Other local revenues	\$ 2,167,621
Total Revenues	<u>2,167,621</u>
EXPENDITURES	
Current	
Books and supplies	36,624
Services and operating expenditures	3,800,808
Capital outlay	
Buildings	22,856,873
Land	8,832,647
Total Expenditures	<u>35,526,952</u>
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	(33,359,331)
OTHER FINANCING SOURCES/(USES)	
Operating transfers out	<u>(928,886)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(34,288,217)
FUND BALANCE, BEGINNING OF YEAR	<u>81,569,155</u>
FUND BALANCE, END OF YEAR	<u>\$ 47,280,938</u>

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

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

CAPITAL OUTLAY – BOND FUND NOTES TO FINANCIAL STATEMENTS JUNE 30, 2004

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Mateo County Community College District bond fund conforms 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 San Mateo County Community College District capital outlay - bond fund accounts for financial transactions in accordance with the policies and procedures of the California College Budget and Accounting Manual.

A. Financial Reporting Entity

These financial statements were prepared to comply with the requirements of proposition 39 related to the 55% voter approval requirements for bond issues and include only the capital outlay - bond fund established to account for the expenditures of the general obligation bonds issued November 2001. These financial statements are not intended to present fairly the complete financial position and results of operations of the San Mateo County Community College District in conformity with generally accepted accounting principles.

B. Fund Accounting

The District accounts for the capital outlay – bond fund in a fund, which is considered to be a separate accounting entity from all other funds of the District. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (or retained earnings), revenues, and expenditures (or expenses), as appropriate. District resources are allocated to and accounted for in individual governmental funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. 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 general long-term debt, which is recognized when due.

D. Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

E. 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.

F. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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 San Mateo bills and collects the taxes for the District. The District recognizes tax revenues when received.

G. 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 – INVESTMENTS

Investments at June 30, 2004, held on behalf of the capital outlay - bond fund of the San Mateo County Community College District consist of deposits in the County of San Mateo Treasury:

	<u>Reported Amount</u>	<u>Fair Value</u>
Deposits with county treasurer	<u>\$51,490,687</u>	<u>\$51,490,687</u>

Deposits with County Treasurer is an external investment pool sponsored by the County of San Mateo. College districts are required to deposit substantially all receipts and collections of monies with their county treasurer (Education Code Section 41001).

Therefore, the District is considered to be an involuntary participant in an external investments pool. County deposits are not required to be categorized. The pool sponsor provided the fair value for these deposits.

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE #3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2004, consists of the following:

Interest	<u>\$ 458,058</u>
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NOTE #4 – INTERFUND TRANSACTIONS

Interfund Receivable/Payables (Due To/Due From)

The amount of interfund receivable and payable balances due at June 30, 2004, is \$75 and \$303, respectively. These amounts are due from the capital outlay fund.

Operating transfers

Operating transfers at June 30, 2004 were \$928,886. These amounts were transferred to the capital outlay fund for scheduled maintenance.

NOTE #5 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2004, consists of the following:

Vendor payables	<u>\$ 4,667,579</u>
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NOTE #6 – FUND BALANCES

Fund balances are composed of the following elements:

Unreserved Undesignated	<u>\$47,280,938</u>
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SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE #7 – LONG-TERM DEBT

A. Long-Term Debt Summary

Under the modified accrual basis of accounting, liabilities for long-term debt are not reported in the individual funds of the District. However, they are reported as liabilities on the Statement of Net Assets in the Entity Wide financial statements of the District. A schedule of changes in long-term debt for the year ended June 30, 2004, is shown below:

B. General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Beginning of Year	Accretion	Redeemed	Bonds End of Year
6/2002	2026	5.20-5.74	\$96,875,613	<u>\$97,579,417</u>	<u>\$ 1,054,196</u>	<u>\$2,335,000</u>	<u>\$ 96,298,613</u>

The general obligation bonds mature through 2026 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2005	\$ 3,455,000	\$ 3,556,653	\$ 7,011,653
2006	3,905,000	3,469,802	7,374,802
2007	1,395,000	3,359,402	4,754,402
2008	1,560,000	3,279,902	4,839,902
2009	1,855,000	3,235,577	5,090,577
2010-2014	14,795,000	14,387,242	29,182,242
2015-2019	22,980,810	17,575,748	40,556,558
2020-2024	25,655,674	15,565,825	41,221,499
2025-2027	19,642,933	4,702,987	24,345,920
Total	<u>95,244,417</u>	<u>\$ 69,133,138</u>	<u>\$ 164,377,555</u>
Accretions to date	1,054,196		
	<u>\$ 96,298,613</u>		

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

**CAPITAL OUTLAY – BOND FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

NOTE #8 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2004, the building fund had the following commitments with respect to unfinished capital projects:

<u>Description</u>	<u>Amount</u>
District wide energy efficiency projects	\$ 1,095
District wide other projects	152,147
Skyline buildings	582,223
Skyline other projects	1,491,206
Canada buildings	885,123
Canada other projects	613,282
CSM buildings	927,474
CSM integrated science center	17,921,755
CSM other projects	146,987
	<u>\$ 22,721,292</u>