

**PERALTA
COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

FINANCIAL AUDIT
WITH INDEPENDENT AUDITORS' REPORT
AND
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

JUNE 30, 2010

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

JUNE 30, 2010

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**PERALTA
COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

**FINANCIAL AUDIT
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2010



INDEPENDENT AUDITORS' REPORT

Peralta Community College District
Board of Trustees and Independent
Citizens' Oversight Committee
Oakland, California

We have audited the accompanying financial statements of the Measure A Fund of Peralta Community College District (the District) as of June 30, 2010, 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of 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 of the Notes to Financial Statements, the financial statements present only the Measure A Fund and do not purport to, and do not, present fairly the financial position of the District as of June 30, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, as discussed in Note 2 of the Notes to Financial Statements, the Measure A Fund's financial statements are prepared on the modified accrual basis, which is a comprehensive basis of accounting other than 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 - modified accrual basis of the Measure A Fund of Peralta Community College District as of June 30, 2010, and the results of its operations - modified accrual basis for the year then ended, in conformity with the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2010, on our consideration of the District's internal control over financial reporting for the Measure A Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is important for assessing the results of our audit.

Vavrinek, Trine, Day & Co., LLP.

Rancho Cucamonga, California
December 30, 2010

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**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

**BALANCE SHEET - MODIFIED ACCRUAL BASIS
JUNE 30, 2010**

ASSETS

Investments	\$ 150,735,027
Due from District General Fund	35,000,000
Total Assets	<u><u>\$ 185,735,027</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued liabilities	<u>\$ 5,167,306</u>
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FUND BALANCE

Unreserved	
Designated	<u>180,567,721</u>
Total Liabilities and Fund Balance	<u><u>\$ 185,735,027</u></u>

See the accompanying notes to financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

REVENUES	
Local revenues	<u>\$ 1,556,320</u>
EXPENDITURES	
Classified salaries	764,606
Employee benefits	315,775
Supplies and books	34,114
Services and operating expenditures	8,192,108
Capital outlay	<u>23,766,014</u>
Total Expenditures	<u>33,072,617</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(31,516,297)</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of bonds	145,251,073
Other uses	<u>(42,176,986)</u>
Total Other Financing Sources (Uses)	<u>103,074,087</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>71,557,790</u>
FUND BALANCE, BEGINNING OF YEAR	<u>109,009,931</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 180,567,721</u></u>

See the accompanying notes to financial statements.

**PERALTA COMMUNITY COLLEGE DISTRICT
MEASURE A GENERAL OBLIGATION BONDS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Measure A General Obligation Bonds (the Measure A Fund) is a governmental fund of Peralta Community College District (the District). This fund is used to account for the activity of the Proposition 39 Measure A General Obligation Bonds approved by the voters of the District. These financial statements present only the Measure A Fund and do not purport to, and do not, present fairly the financial position of the District and the changes in its financial position in conformity with accounting standards generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Financial Statement Presentation

The financial statements of the Measure A Fund have been prepared on the modified accrual basis of accounting. The statement of revenues, expenditures, and change in fund balance is a statement of financial activities related to the current reporting period. Using this method, revenues are recognized when they are both measurable and available, and expenses are recognized when goods are received or services are rendered.

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 reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets and Long-Term Obligations

The accounting and reporting treatment applied to the capital assets and long-term obligations associated with the Measure A Fund are determined by its measurement focus. The Measure A Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of "available spendable resources". Thus, the capital assets and long-term obligations associated with the Measure A Fund are accounted for in the basic financial statements of the Peralta Community College District.

NOTE 3 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

