

**OHLONE COMMUNITY
COLLEGE DISTRICT
MEASURE G BOND FUND**

FREMONT, CALIFORNIA

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORTS**

YEAR ENDED JUNE 30, 2023

**OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G BOND FUND**

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INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Ohlone Community College District
Fremont, California**

Opinion

We have audited the accompanying financial statements of the Measure G Bond Fund (the Bond Fund) of the Ohlone Community College District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure G Bond Fund of the District, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Bond Fund and do not purport to, and do not present fairly the financial position of the District as of June 30, 2023, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

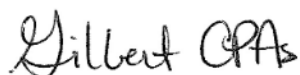
In performing an audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the District's internal control over financial reporting 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 solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



GILBERT CPAs
Sacramento, California

November 30, 2023

FINANCIAL STATEMENTS

**OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G BOND FUND**

**BALANCE SHEET
JUNE 30, 2023**

ASSETS:

Restricted cash and equivalents	\$ 2,435,649
Total assets	<u>\$ 2,435,649</u>

LIABILITIES:

Accounts payable	\$ 144,909
Total liabilities	<u>144,909</u>

FUND BALANCE:

Restricted fund balance	<u>2,290,740</u>
Total liabilities and fund balance	<u>\$ 2,435,649</u>

**OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G BOND FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2023**

REVENUES:

Interest income	\$ 87,431
Total revenues	<u>87,431</u>

EXPENDITURES:

Salaries	283,631
Employee benefits	133,564
Supplies and materials	75,452
Other operating expenses	642,613
Capital outlay	<u>2,033,546</u>
Total expenditures	<u>3,168,806</u>

Decrease in fund balance (3,081,375)

Restricted fund balance - beginning 5,372,115

Restricted fund balance - ending \$ 2,290,740

OHLONE COMMUNITY COLLEGE DISTRICT MEASURE G BOND FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

1. ORGANIZATION AND NATURE OF ACTIVITIES

The Ohlone Community College District (the District) is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

These financial statements present only the District's Measure G Bond Fund (the Bond Fund), which was established to account for the expenditures of the proceeds of the General Obligation Bonds Election of 2010. These financial statements do not include financial data for the remainder of the District's funds and component unit, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

The Measure G Proposition 39 Bond Measure (Measure G) is a facilities and equipment bond measure for certain college classrooms, buildings and facilities with the District. Measure G was adopted by the District's Board of Trustees and passed by the voters in November, 2010. Measure G authorized up to \$349,000,000 in bond issues, which were issued as follows:

Election 2010 General Obligation Bonds Outstanding

In October 2011, the District issued Election of 2010 General Obligation Bonds, Series A General Obligation Bonds (2011 Series A) in the amount of \$70,000,000, with interest rates ranging from 2.00% to 5.00%. During the fiscal year ended June 30, 2017, the 2011 Series A was paid off.

In October 2011, the District issued Election of 2010 General Obligation Bonds, Series A-1 General Obligation Bonds (2011 Series A-1) in the amount of \$10,000,000, with interest rates ranging from 2.00% to 5.00%. During the fiscal year ended June 30, 2023, the 2011 Series A-1 were paid off.

In September 2014, the District issued Election of 2010 General Obligation Bonds, Series B General Obligation Bonds in the amount of \$74,995,430, with interest rates ranging from 1.00% to 4.910%. In May 2021, the District issued 2021 General Obligation Refunding Bonds to advance refund the 2010 Series B General Obligation Bonds.

In May, 2016, the District issued Election of 2010 General Obligation Bonds, Series C General Obligation Bonds in the amount of \$155,000,000, with interest rates ranging from 2.00% and 5.00%. As of June 30, 2023, the principal balance outstanding was \$142,605,000.

In August 2016, the District issued 2016 General Obligation Refunding Bonds (2016 Refunding Issue) in the amount of \$68,495,000, with interest rates ranging from 2% to 5%, to advance refund the 2011 Series A and partially advance refund the 2010 Issue Series A-1. The District completed the refunding to reduce debt service payments by \$11,144,180 and obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$5.3 million in aggregate. The District defeased the bonds by placing proceeds of the 2016 Refunding Issue in an irrevocable escrow account to provide for future debt service. The Escrow Agent will pay the debt services requirements of the defeased bonds on each scheduled payment

OHLONE COMMUNITY COLLEGE DISTRICT MEASURE G BOND FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

date through and including August 1, 2021 and will redeem the defeased bonds, at a redemption price equal to 100% of par, on August 1, 2021, which is the first optional redemption date. As of June 30, 2023, the principal balance outstanding was \$66,930,000.

In April 2019, the District issued Election of 2010 General Obligation Bonds, Series D General Obligation Bonds in the amount of \$39,000,000, with interest rates ranging from 3.00% and 5.00%. As of June 30, 2023, the principal balance outstanding was \$34,930,000.

In May 2021, the District issued 2021 General Obligation Refunding Bonds (2021 Refunding Issue) in the amount of \$70,035,000, with interest rates ranging from 0.213% to 2.936%, to advance refund the 2014 Series B General Obligation Bonds. The District defeased the bonds by placing proceeds of the 2021 Refunding Issue in an irrevocable escrow account to provide for future debt service. The Escrow Agent will pay the debt services requirements of the defeased bonds on each scheduled payment date through and including August 1, 2024 and will redeem the defeased bonds, at a redemption price equal to 100% of par, on August 1, 2024, which is the first optional redemption date. As of June 30, 2023, the principal balance outstanding was \$69,495,000.

The Alameda County Board of Supervisors is empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and interest on the bonds. The District has established a separate capital project fund to account for the activities of Measure G.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units*, issued by the American Institute of Certified Public Accountants (AICPA).

Measurement focus and basis of accounting – Measurement focus indicates the type of resources being measured, while the basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The Bond Fund is a governmental fund, and has been presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available, and are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred.

Restricted cash and equivalents – For the purpose of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less.

Restricted investments – Investments are reported at fair value.

Restricted fund balance – Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Bond Fund in accordance with the project list for the 2010 General Obligation Bonds.

**OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G BOND FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Estimates used in financial reporting – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrances – Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30, 2023.

3. RESTRICTED CASH AND CASH EQUIVALENTS

All cash and cash equivalents held in the Bond Fund are considered restricted, as it is restricted for specific purposes in accordance with Measure G and the bond issuances.

Restricted cash and cash equivalents as of June 30, 2023, consist of the following:

Restricted cash and equivalents:	
County Treasury	\$ (166,176)
Deposit with financial institutions	<u>2,601,825</u>
Total restricted cash and cash equivalents	<u>\$ 2,435,649</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of their cash in the Alameda County Treasury (the Treasury). The County Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the County Treasury investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The County Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. and is restricted by Government Code Section 53635, pursuant to Section 53601. The funds maintained by the County Treasury are either secured by federal depository insurance or are collateralized.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code.

**OHLONE COMMUNITY COLLEGE DISTRICT
MEASURE G BOND FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Derivative Investments

The Bond Fund did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

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. As of June 30, 2023, the weighted average maturity of the investments contained in the County Treasury is approximately 473 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Education Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by a 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 amounts deposited by the public agencies.

Fair Value Measurement

GASB 72 requires the Bond Fund to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. GASB 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs rather than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs. None of the Bond Funds restricted cash and equivalents are subject to the hierarchy levels.

OTHER REPORT

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

**Board of Trustees
Ohlone Community College District
Fremont, California**

We have audited, in accordance with the 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, the financial statements of the Measure G Bond Fund (the Bond Fund) of the Ohlone Community College District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GILBERT CPAs
Sacramento, California

November 30, 2023