

LOS ANGELES COMMUNITY COLLEGE DISTRICT

Notes to Basic Financial Statements

June 30, 2014 and 2013

	2013				
	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>	<u>Due within one year</u>
G.O. Bonds 2003 Series A, B, and C	\$ 68,950,000	—	(65,850,000)	3,100,000	3,100,000
G.O. Bonds 2004 Series A and B	89,625,000	—	(3,200,000)	86,425,000	3,340,000
G.O. Bonds 2005 Series A	430,410,000	—	(12,715,000)	417,695,000	14,375,000
G.O. Bonds 2006 Series E	284,050,000	—	(8,750,000)	275,300,000	9,115,000
G.O. Bonds 2007 Series A	382,575,000	—	(415,000)	382,160,000	575,000
G.O. Bonds 2008 Series E1 and F1	620,495,000	—	(3,870,000)	616,625,000	7,720,000
G.O. Bonds 2008 Series E2 and F2	3,805,000	—	(3,255,000)	550,000	550,000
G.O. Bonds 2009 Series A and B	425,000,000	—	—	425,000,000	—
G.O. Bonds 2010 Series C, D, and E	1,200,000,000	—	—	1,200,000,000	—
G.O. Bonds 2013 Series F	—	250,000,000	—	250,000,000	30,000,000
G.O. Bonds 2013 Refunding Bond	—	55,700,000	—	55,700,000	1,220,000
Unamortized bond premiums	99,173,430	29,570,393	(5,728,246)	123,015,577	9,424,495
Workers' compensation claims	32,008,000	6,592,895	(5,454,895)	33,146,000	5,454,895
General liability	3,113,000	8,409,221	(2,338,221)	9,184,000	2,338,221
Compensated absences	15,585,046	9,460,528	(9,770,102)	15,275,472	7,791,688
Capital lease obligations	996,803	866,352	(573,820)	1,289,335	530,488
Total	\$ 3,655,786,279	360,599,389	(121,920,284)	3,894,465,384	95,534,787

(a) G.O. Bonds

On April 10, 2001, the voters of the County passed Proposition A, a \$1.2 billion General Obligation (G.O.) Bond Measure.

On May 20, 2003, the voters of the County passed Proposition AA, a \$980 million G.O. Bond measure.

On July 29, 2003, the District issued the 2003 Series A, B, and C G.O. Bonds (Proposition AA) in the amount of \$189,685,000, with interest rates ranging from 2% to 5% maturing in 2028. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District. On June 11, 2013, \$62,900,000 was refunded by issuing 2013 Refunding G.O Bonds (Proposition AA). The refunding was done to reduce the District's debt service payment over the next 14 years by \$975,000 a year. The refunding resulted in an economic gain of \$11,637,386. As of June 30, 2014, the 2003 Series A, B and C G.O. Bonds have been fully repaid.

On October 12, 2004, the District issued the 2004 Series A and B G.O. Bonds (Proposition A and Proposition AA) in the amount of \$103,900,000 with interest rates ranging from 3.17% to 6.44%,

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maturing in 2030. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2004 Series A and B		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 3,490,000	4,340,480	7,830,480
2016	3,650,000	4,173,514	7,823,514
2017	3,820,000	3,994,773	7,814,773
2018	4,005,000	3,804,179	7,809,179
2019	4,200,000	3,599,826	7,799,826
2020–2024	24,530,000	14,358,674	38,888,674
2025–2029	31,915,000	6,749,135	38,664,135
2030	7,475,000	216,039	7,691,039
Total	<u>\$ 83,085,000</u>	<u>41,236,620</u>	<u>124,321,620</u>

On March 22, 2005, the District issued the 2005 Series A G.O. Refunding Bonds (Proposition A) in the amount of \$437,450,000 with interest rates ranging from 3% to 5.25%, maturing in 2026. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

The net proceeds from the sale of the 2005 Series A G.O. Refunding Bonds was used to refund \$425,385,000 outstanding principal of the 2001 Series A G.O. Bond (Proposition A) and to increase \$12,330,000 projects funding.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2005 Series A		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 16,190,000	19,826,837	36,016,837
2016	18,140,000	18,925,675	37,065,675
2017	20,220,000	17,944,000	38,164,000
2018	22,390,000	16,878,750	39,268,750
2019	24,710,000	15,701,250	40,411,250
2020–2024	163,930,000	56,372,000	220,302,000
2025–2026	137,740,000	10,304,500	148,044,500
Total	<u>\$ 403,320,000</u>	<u>155,953,012</u>	<u>559,273,012</u>

On October 11, 2006, the District issued the 2006 Series E G.O. Bonds (Proposition AA) in the amount of \$350,000,000 with interest rates ranging from 3.4% to 5.0%, maturing in 2032. The bond

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measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2006 Series E		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 10,895,000	12,885,902	23,780,902
2016	9,940,000	12,450,590	22,390,590
2017	10,420,000	11,979,625	22,399,625
2018	10,890,000	11,474,250	22,364,250
2019	11,430,000	10,916,250	22,346,250
2020–2024	66,325,000	45,185,125	111,510,125
2025–2029	84,650,000	26,402,750	111,052,750
2030–2032	61,635,000	4,722,875	66,357,875
Total	<u>\$ 266,185,000</u>	<u>136,017,367</u>	<u>402,202,367</u>

On October 23, 2007, the District issued the 2007 Series A G.O. Bonds (Proposition A) in the amount of \$400,000,000 with interest rates ranging from 4% to 5%, maturing in 2033. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2007 Series A		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 705,000	19,025,263	19,730,263
2016	820,000	18,990,950	19,810,950
2017	4,565,000	18,858,375	23,423,375
2018	4,880,000	18,637,500	23,517,500
2019	5,165,000	18,401,625	23,566,625
2020–2024	22,840,000	88,130,000	110,970,000
2025–2029	104,835,000	80,231,375	185,066,375
2030–2033	237,775,000	24,669,625	262,444,625
Total	<u>\$ 381,585,000</u>	<u>286,944,713</u>	<u>668,529,713</u>

On September 23, 2008, the District issued the 2008 Series E-1 G.O. Bonds (Proposition A) in the amount of \$276,500,000 and the 2008 Series F-1 G.O. Bonds (Proposition AA) in the amount of \$344,915,000 with interest rates ranging from 3% to 5%, maturing in 2034. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

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Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2008 Series E-1 and F-1		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 9,490,000	29,545,238	39,035,238
2016	10,795,000	29,229,100	40,024,100
2017	12,130,000	28,870,063	41,000,063
2018	13,605,000	28,332,825	41,937,825
2019	15,155,000	27,689,600	42,844,600
2020–2024	101,840,000	125,132,500	226,972,500
2025–2029	155,755,000	93,240,375	248,995,375
2030–2034	290,135,000	42,672,875	332,807,875
Total	<u>\$ 608,905,000</u>	<u>404,712,576</u>	<u>1,013,617,576</u>

On September 23, 2008, the District issued the 2008 Taxable Series E-2 G.O. Bonds (Proposition A) in the amount of \$15,000,000 and the 2008 Taxable Series F-2 G.O. Bonds (Proposition AA) in the amount of \$20,000,000 with interest rates ranging from 3.049% to 4.316%, maturing in 2014. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at various campuses of the District. As of June 30, 2014, the 2008 Series E-2 and F-2 G.O. Bonds have been fully repaid.

On November 4, 2008, the voters of the County passed Measure J, a \$3.5 billion G.O. Bond measure.

On April 1, 2009, the District issued the 2009 Series A G.O. Bonds (Measure J) in the amount of \$350,000,000 and the 2009 Taxable Series B G.O. Bonds (Measure J) in the amount of \$75,000,000 with interest rates ranging from 4.50% to 7.53%, maturing in 2034. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

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Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2009 Series A and B		
	Principal	Interest	Total
Year(s) ending June 30:			
2015	\$ —	26,247,663	26,247,663
2016	—	26,247,663	26,247,663
2017	—	26,247,663	26,247,663
2018	—	26,247,663	26,247,663
2019	—	26,247,663	26,247,663
2020–2024	10,495,000	130,701,625	141,196,625
2025–2029	88,010,000	118,115,517	206,125,517
2030–2034	326,495,000	60,290,578	386,785,578
Total	\$ <u>425,000,000</u>	<u>440,346,035</u>	<u>865,346,035</u>

On July 22, 2010, the District issued \$900,000,000 aggregate principal amount in G.O. Bonds, 2008 Election (Measure J) 2010 Series E Build America Bonds with 6.60% and 6.75% interest rates maturing in 2050. On August 10, 2010, the District issued \$175,000,000 aggregate principal amount in G.O. Bonds, 2008 Election (Measure J) 2010 Series C with 5.25% interest rate maturing in 2040. On August 10, 2010, the District issued \$125,000,000 aggregate principal amount in G.O. Bonds, 2008 Election (Measure J) 2010 Taxable Series D with 6.68% interest rate maturing in 2037. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2010 Series C, D, and E		
	Principal	Interest	Total
Year(s) ending June 30:			
2015	\$ —	77,912,500	77,912,500
2016	—	77,912,500	77,912,500
2017	—	77,912,500	77,912,500
2018	—	77,912,500	77,912,500
2019	—	77,912,500	77,912,500
2020–2024	—	389,562,500	389,562,500
2025–2029	—	389,562,500	389,562,500
2030–2034	—	389,562,500	389,562,500
2035–2039	277,500,000	348,309,385	625,809,385
2040–2044	363,730,000	251,368,695	615,098,695
2045–2049	455,125,000	114,478,819	569,603,819
2050	103,645,000	3,498,019	107,143,019
Total	\$ <u>1,200,000,000</u>	<u>2,275,904,918</u>	<u>3,475,904,918</u>

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On June 11, 2013, the District issued the 2013 Series F G.O. Bonds (Measure J) in the amount of \$250,000,000 with interest rates ranging from 2% to 5%, maturing in 2038. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2013 Series F		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 3,500,000	9,615,000	13,115,000
2016	3,500,000	9,457,500	12,957,500
2017	4,000,000	9,270,000	13,270,000
2018	4,000,000	9,070,000	13,070,000
2019	3,000,000	8,910,000	11,910,000
2020–2024	27,000,000	41,325,000	68,325,000
2025–2029	41,000,000	32,625,000	73,625,000
2030–2034	36,000,000	22,525,000	58,525,000
2035–2038	98,000,000	9,080,000	107,080,000
Total	\$ <u>220,000,000</u>	<u>151,877,500</u>	<u>371,877,500</u>

On June 11, 2013, the District issued the 2013 Refunding Bonds (Proposition AA) in the amount of \$55,700,000 with interest rates ranging from 2% to 5%, maturing in 2028. The bond measure was designed to finance construction, building acquisition, equipment, and improvement of college and support facilities at the various campuses of the District.

The net proceeds from the sale of the 2013 Refunding Bonds was used to refund \$62,900,000 outstanding principal of the 2003 Series B G.O. Bonds (Proposition AA).

Debt service requirements to maturity of the G.O. Bonds at June 30, 2014 are as follows:

	2013 Refunding Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year(s) ending June 30:			
2015	\$ 2,905,000	2,427,325	5,332,325
2016	2,990,000	2,338,900	5,328,900
2017	3,080,000	2,232,450	5,312,450
2018	3,200,000	2,090,850	5,290,850
2019	3,360,000	1,926,850	5,286,850
2020–2024	19,515,000	6,869,375	26,384,375
2025–2028	19,430,000	1,636,850	21,066,850
Total	\$ <u>54,480,000</u>	<u>19,522,600</u>	<u>74,002,600</u>