



CHABOT-LAS POSITAS  
COMMUNITY COLLEGE DISTRICT

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2008**

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

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*FINANCIAL SECTION*

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Chabot-Las Positas Community College District  
Pleasanton, California

We have audited the accompanying basic financial statements of the business-type activities of the Chabot-Las Positas Community College District (the District) as of and for the years ended June 30, 2008 and 2007, listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. 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 basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Chabot-Las Positas Community College District as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, 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 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.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the District's management. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Supplementary Information, as listed in the Table of Contents, has been presented at the request of District management for purpose of additional analysis. We have applied certain limited procedures consisting primarily of analysis and inquiry regarding presentation; however, we did not audit the information. Accordingly, we express no opinion on them.

*Vavinek, Trine, Day & Co LLP*

Pleasanton, California  
December 1, 2008

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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### *USING THIS ANNUAL REPORT*

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of the Chabot-Las Positas Community College District (the District) as of June 30, 2008. The report consists of three basic financial statements: the Statement of Financial Position, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### *OVERVIEW OF THE FINANCIAL STATEMENTS*

The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

The California Community Colleges System's Office has recommended that all State community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes.

### *FINANCIAL HIGHLIGHTS*

The following discussion and analysis provides an overview of the District's financial activities.

#### **Financial and Enrollment Highlights**

- As of June 30, 2008, the District's total net assets are \$135,845,572. Total net assets of the District increased \$10.5 million, or about 8.3%, over the previous year, due primarily to the net increase in capital assets associated with the Measure B Bond fund.
- The voters within the boundaries of the Chabot-Las Positas Community College District approved Measure B on March 4, 2004. The District, by virtue of this voter approval has the authority to issue up to \$498 million in General Obligation Bonds. The Board authorized the first issuance of bonds totaling \$100 million dollars and the proceeds were in the possession of the District on August 19, 2004. On October 17, 2006, the District issued the remainder of the General Obligation Bonds authorized by Measure B in the amount of \$409.4 million dollars.
- The District's Budget was designed to fund faculty, staff, direct program expenditures and support services to serve 17,042 full-time equivalent students for General Apportionment purposes for the 2007-08 year. Due to a shift of 07-08 workload, the District reported 17,606 FTES for FY 2007-08.
- The District's salary expenses increased 10.4%, benefit expenses increased 8.6% and expenses for supplies, materials, capital outlay, student aid and other expenses and services increased 3.80%. Salary and benefit increases are primarily due to increases in salary schedules as a result of collective bargaining and increased internal staffing in support of the Measure B building program. The majority of the other cost increases are also primarily due to the activity associated with the Measure B building program.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

- **Cost-of-living adjustment:** The State budget provided a 4.53% cost-of-living (COLA) adjustment for apportionments.
- **Enrollment Fee:** During the 2007-08, the enrollment fees charged remained \$20 per unit.
- The District's General Fund Unrestricted Balance at the end of the fiscal year increased \$111 thousand dollars.

**FULL-TIME EQUIVALENT STUDENT (FTES) ENROLLMENTS**

<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
1994-1995	8,593	(7.0)	3,197	(6.5)	11,790	(7.2)
1995-1996	9,007	4.8	3,603	12.7	12,610	7.0
1996-1997	9,354	3.9	3,820	6.0	13,174	4.5
1997-1998	9,171	(2.0)	4,098	7.3	13,269	1.0
1998-1999	9,636	5.1	4,581	11.8	14,217	7.1
1999-2000	9,868	2.4	4,678	2.1	14,546	2.3
2000-2001	10,005	1.4	4,982	6.5	14,987	3.0
2001-2002	10,569	5.6	5,508	10.6	16,078	7.3
2002-2003	10,928	3.4	6,120	11.1	17,048	6.0
2003-2004	10,326	(5.8)	5,707	(7.2)	16,033	(6.3)
2004-2005	10,477	1.4	5,886	3.0	16,363	2.0
2005-2006	10,367	(1.1)	6,171	4.6	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009 Projected	10,265	(1.5)	7,200	2.0	17,465	(0.8)

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2008**

**Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net assets, the difference between assets and liabilities, are one way to measure the financial health of the District. Total net assets of the District increased \$10.5 million, or about 8.3%, over the previous year, due primarily to the net increase in capital investments associated with the Measure B Bond fund.

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Current Assets</b>			
Cash and short-term investments	\$ 504,490,433	\$ 531,567,658	\$ 17,921,729
Receivables	17,317,371	14,351,198	17,211,739
Inventories, prepaid expenses and other	2,095,991	2,194,812	2,090,639
<b>Total Current Assets</b>	<u>523,903,795</u>	<u>548,113,668</u>	<u>37,224,107</u>
<b>Non-current assets</b>			
Restricted cash	435,239	435,239	112,357,404
Deferred charges - noncurrent portion	5,039,226	5,342,058	-
Capital assets, net	180,272,958	127,782,535	101,070,579
<b>Total Noncurrent Assets</b>	<u>185,747,423</u>	<u>133,559,832</u>	<u>213,427,983</u>
<b>TOTAL ASSETS</b>	<u>709,651,218</u>	<u>681,673,500</u>	<u>250,652,090</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable, and accrued liabilities	35,737,477	18,620,209	11,128,966
Deferred revenues	4,388,377	5,738,443	5,934,889
Amounts held in trust	1,351,445	1,262,190	1,213,400
Long-term liabilities - current portion	7,946,652	14,154,670	9,511,769
<b>Total Current Liabilities</b>	<u>49,423,951</u>	<u>39,775,512</u>	<u>27,789,024</u>
<b>Noncurrent Liabilities</b>			
Long-term liabilities	524,381,695	516,512,972	111,293,711
<b>TOTAL LIABILITIES</b>	<u>573,805,646</u>	<u>556,288,484</u>	<u>139,082,735</u>
<b>Net Assets</b>			
Investment in capital assets, net of debt	103,350,480	86,519,758	79,374,369
Restricted	18,444,035	20,611,859	13,966,819
Unrestricted	14,051,057	18,253,399	18,228,167
<b>TOTAL NET ASSETS</b>	<u>\$ 135,845,572</u>	<u>\$ 125,385,016</u>	<u>\$ 111,569,355</u>

The primary components of cash and short-term investments are District funds on deposit with the County Treasury and local banks and the investment of measure B bond funds via a guaranteed investment contract.



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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Accounts receivable primarily represents funding owed to the District by Federal, State and local governments, as well as other sources such as tuition and fees. The amount owed to the District General fund is \$12.1 million, the Capital Construction fund is \$2.7 million, Measure B Construction fund is \$1.4 million, the Child Development fund \$0.3 million and the Chabot Bookstore is \$0.4 million. The student receivables due at June 30, 2008 are approximately \$3.2 million.

Inventories and prepaid items respectively represent inventory for the Bookstore, and prepayments for services and supplies ordered in FY 07-08 for use in FY 08-09 and the first half of principal and interest debt service payment for the District office Lease Revenue Bond.

Restricted cash and investment of \$481.9 million consists of funds related to the Measure B Bond Funds totaling \$465.2 million, associated required reserves of \$11.8 million which are deposited in a debt service fund held by Alameda County, and an additional \$4.9 million of other restricted funds. The balance of the cash and investment includes cash deposit of other major funds held in the County Treasury and other banking and financial institutions. Net capital assets represent the District's original investment in land, site improvements, buildings and equipment, less accumulated depreciation.

Accounts payable and accrued liabilities primarily represent year-end accruals for services and goods received by the District during fiscal year 2007-2008, for which payment would not be made until fiscal year 2008-2009. At June 30, 2008 the Measure B Bond Construction fund owed contractors and vendors \$20.9 million, the General Fund owed contractors, vendors and employees \$8.9 million, the Financial Aid Fund owed \$.2 million to students and the current portion of interest payable of \$4.1 million.

Deferred revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2007-2008, deferred revenues were \$4.4 million. Of this amount, \$2.9 million represents student tuition and registration fees, received during 2007-2008, for the 2008-2009 summer and fall terms. The other \$1.5 million represents funding for grants and contracts, whose terms and conditions extend beyond the 2008-2009 fiscal year.

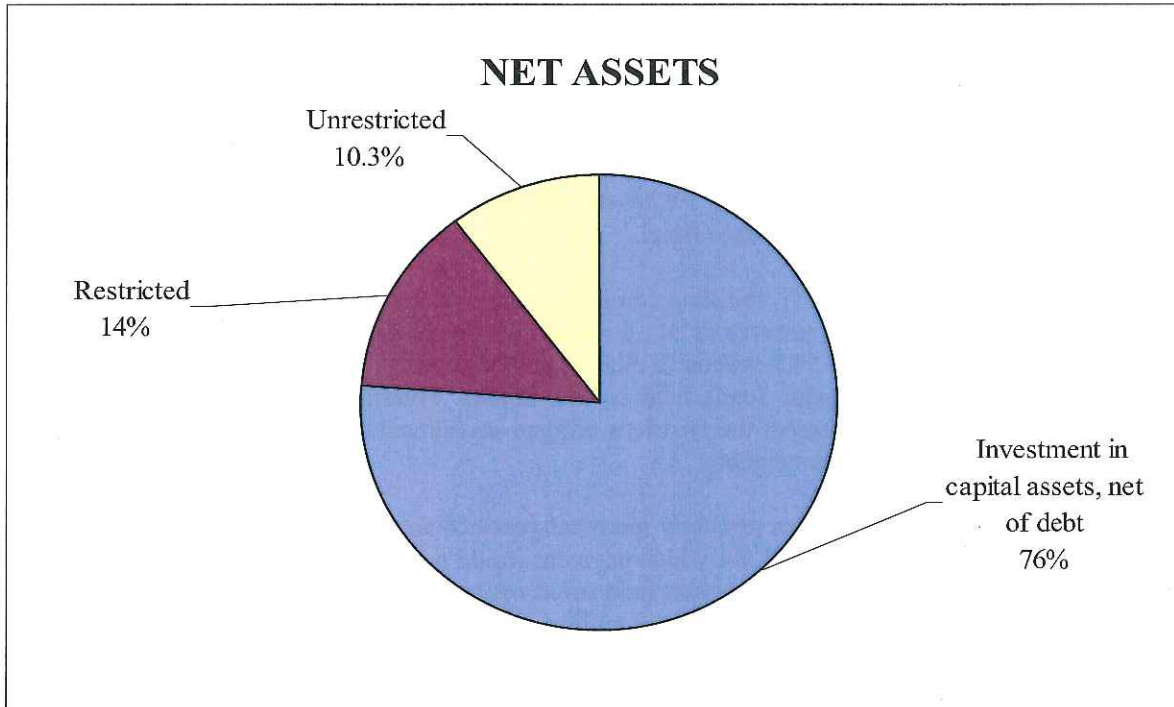
Other current liabilities are composed of that portion of interest payable on bonds and the current portion of financing debt.

The District's long-term liabilities primarily consist of the accumulated liability for accrued employee compensated absences (\$2.0 million); the remaining debt on the bonds (\$503.4 million); the remaining debt on the lease revenue bonds payable for the purchase of the District office (\$5.0 million), and other long term liability including bond premiums of \$21.8 million.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

### NET ASSETS – JUNE 30, 2008



The largest component of the District's "net assets" is the investment in capital assets (net of related debt), \$103.4 million. This represents the District's initial cost for property, plant, and equipment, less accumulated depreciation, less any remaining debt used for the initial purchase. The next largest component is \$18.4 million, which is the District's "restricted assets" that represents assets whose use is earmarked for specific purposes, such as grant and construction projects. The remaining \$14 million is unrestricted assets, of this amount \$5.2 million has been set aside for the 5% general reserve for economic uncertainties, designated reserves committed to specific purposes, restricted reserves required by law and undesignated reserves. The primary component of the 2007-2008 increase in net assets is due to the net increase in capital investments associated with the Measure B Bond Fund.

#### Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets represents the financial results of the District's "operations," as well as its "non-operating activities." The distinction between these two activities involves the concepts of "exchange" and "non-exchange." An operating activity is one in which a "direct payment"/exchange is made (by one party to another) for the receipt of specified goods or services, i.e., the payor is the one receiving benefit. As an example, tuition fees, paid by a student, is an "exchange" for instructional services. Likewise, grant and contract funding received (on the condition that the District provides specific/contracted services), is also an "exchange." Both are therefore recorded as "operating revenue." The receipt of state apportionments and property taxes, however, do not include this "exchange" relationship between "payment" and the "receipt of benefit." Such revenues are deemed "non-exchange" transactions, and are therefore treated as "non-operating" activities.

Because the primary sources of funding that support the District's instructional activities comes from state apportionment, and local property taxes, the financial results of the District's "operations" will result in a net operating loss.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

The primary components of "tuition and fees" are the \$20 per unit enrollment fee that is charged to all students registering for classes, and the additional \$170 per unit fee that is charged to all non-resident students. The discrepancy between these fees is due to the fact that resident student instruction is largely subsidized by local property taxes and state apportionment. Non-resident students must pay for the full cost of instruction. Respectively, these two revenue-streams account for \$5.4 and \$1.5 million. Another \$0.79 million is collected in the form of parking permits. The remainder is collected from an assortment of other student fees.

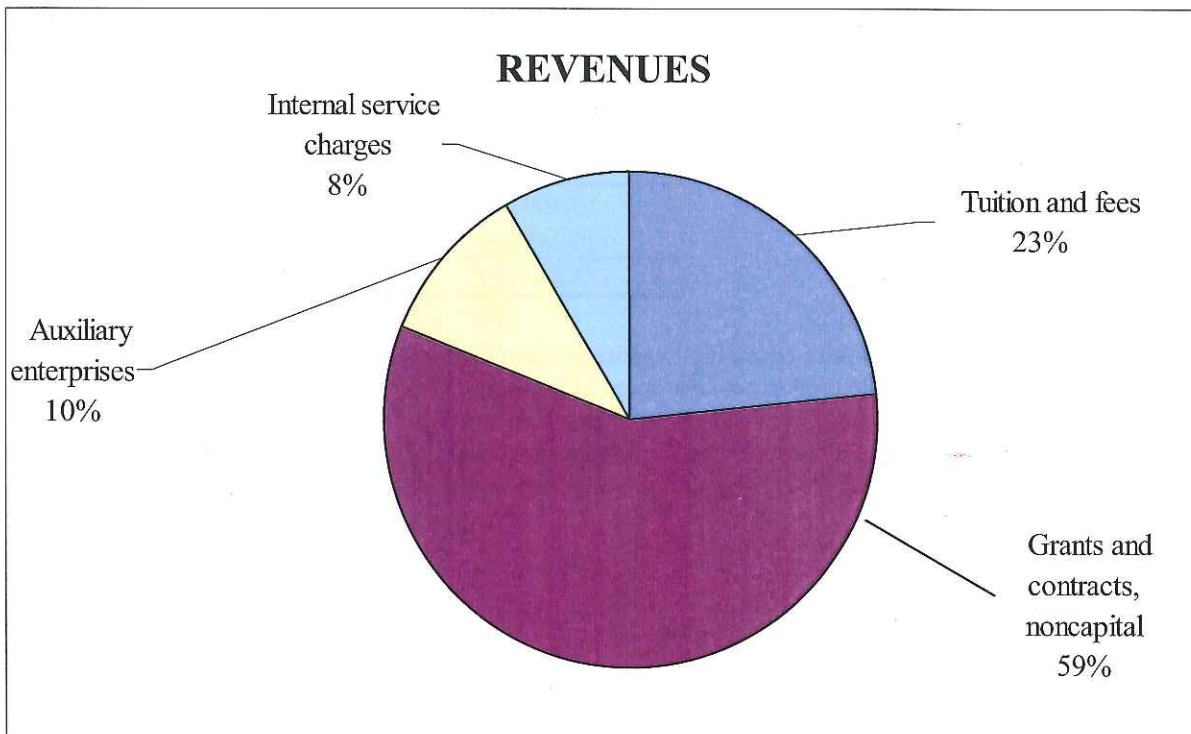
The largest component of the District's operating revenues is non-capital grants and contracts. Of these, the largest sub-components are from funding received from the Federal grants (\$10.5 million) to include funding for vocational training and higher education programs and State grants (\$11.1 million) for categorical programs, such as DSP&S, EOP&S, and Matriculation to name a few. Included in local grants and contracts (\$1.1 million) are all of the contracted education services, as well as all other, miscellaneous service-revenue received by the District.

The revenue for auxiliary enterprises consists primarily of revenue from the District's bookstore and the current portion of the retirees unfunded medical benefit liability. These two enterprise operations account for \$4.1 million and \$3.31 million dollars respectively.

The principal components of the District's non-operating revenue are: non-capital state apportionment, local property taxes, non-capital grants and contracts, other state funding, and interest income. All of this revenue is received to support the District's instructional activities.

The "state apportionments, capital" revenues principally represent state funding for state capital projects and deferred maintenance programs.

### OPERATING REVENUE – JUNE 30, 2008



**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

**Statement of Revenues Expenses and Changes in Net Assets**

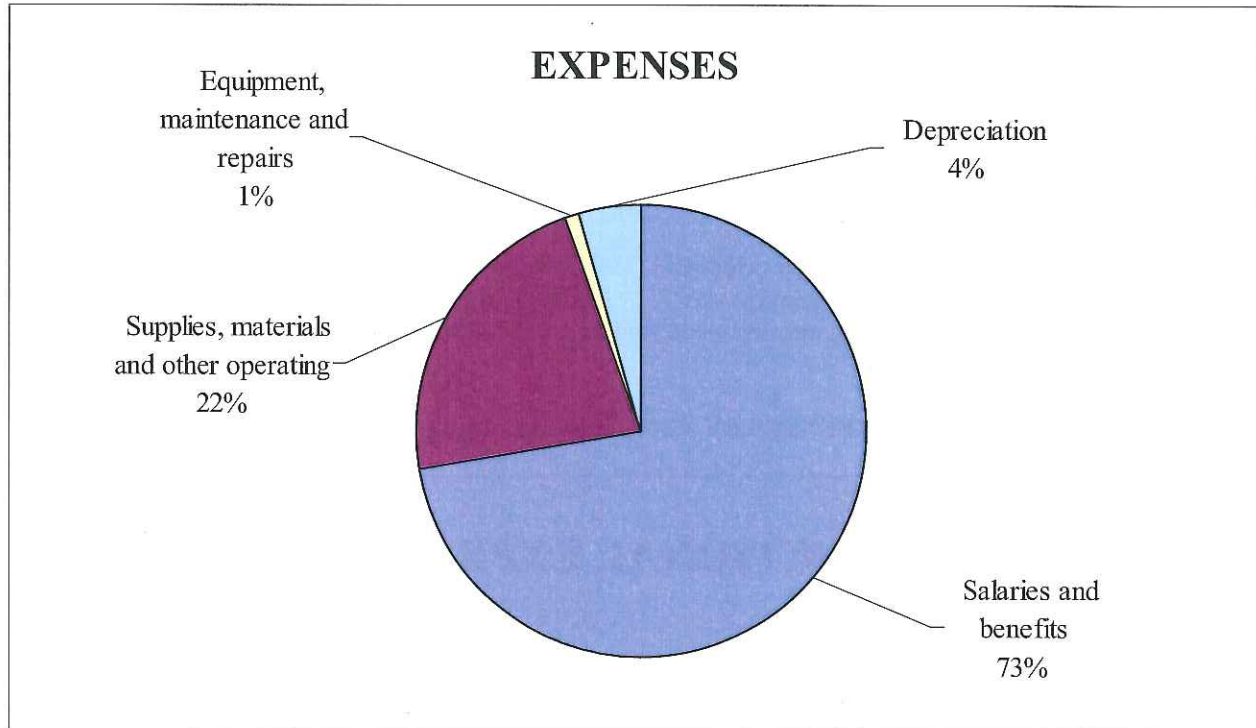
	2008	2007	2006
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 9,168,848	\$ 10,112,966	\$ 10,295,151
Grants and contracts, noncapital	22,665,323	27,609,044	21,477,956
Auxiliary enterprises	4,092,263	3,981,335	3,900,303
Internal service charges	3,305,877	3,098,190	2,581,824
<b>Total operating revenues</b>	<u>39,232,311</u>	<u>44,801,535</u>	<u>38,255,234</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	99,878,222	90,838,420	80,890,262
Supplies, materials and other operating	30,925,839	31,079,097	27,106,481
Equipment, maintenance and repairs	1,774,009	1,723,441	193,834
Depreciation	5,977,773	4,461,548	3,659,662
<b>Total operating expenses</b>	<u>138,555,843</u>	<u>128,102,506</u>	<u>111,850,239</u>
<b>Operating loss</b>	<u>(99,323,532)</u>	<u>(83,300,971)</u>	<u>(73,595,005)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments, noncapital	58,162,024	51,018,716	40,253,325
Local property taxes	23,710,651	22,399,990	36,660,457
State taxes and other revenue	2,690,641	3,449,379	2,952,660
Investment income	24,548,291	14,476,012	2,706,643
Other non-operating revenues and expenditures	<u>(2,099,522)</u>	<u>1,748,892</u>	<u>(8,174,323)</u>
<b>Total non-operating revenues</b>	<u>107,012,085</u>	<u>93,092,989</u>	<u>74,398,762</u>
<b>Income before other revenues, expenses, gains or losses</b>	7,688,553	9,792,018	803,757
State apportionments, capital	2,772,003	4,023,643	8,116,065
<b>Increase/decrease in net assets</b>	10,460,556	13,815,661	8,919,822
Net assets - beginning of year	125,385,016	111,569,355	102,649,533
<b>Net assets - end of year</b>	<u>\$ 135,845,572</u>	<u>\$ 125,385,016</u>	<u>\$ 111,569,355</u>

The largest component of the District's operating expense is the cost associated with salaries and benefits. Approximately 73% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 22% of total expenses and depreciation and equipment maintenance and utilities account for the remainder. The supplies and other expense category includes insurance premiums, facilities rental, equipment repair, as well as supplies and a host of other expenses necessary to the operation of the District.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

**OPERATING EXPENSES – JUNE 30, 2008**



**OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION**

<b>Operating Expenses by Function</b>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instructional activities	\$ 57,871,598	\$ 53,053,622	\$ 46,565,724
Academic support	10,289,641	7,749,721	7,222,639
Student services	13,058,120	12,217,464	10,993,231
Operation and maintenance of plant	8,940,154	8,576,955	7,986,789
Institutional support	17,198,751	15,742,131	13,312,053
Community services and economic development	1,393,593	1,264,041	1,201,903
Ancillary services, auxiliary services	7,854,152	11,553,876	10,636,585
Student aid	11,924,910	8,099,086	8,805,847
Physical property	4,123,420	5,384,062	1,465,806
Depreciation	5,901,504	4,461,548	3,659,662
<b>Total Operating Expenses by Function</b>	<u>\$ 138,555,843</u>	<u>\$ 128,102,506</u>	<u>\$ 111,850,239</u>

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2007-2008 and as required in accordance with GASB Statement No. 35, a depreciation expense has been added. In 2007-2008, the District granted salary increases of 6.0% for academic and classified staff. The largest expense in 2007-08 was in the area of instruction at 42%. Institutional support totaled 12% and academic support was 9%.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

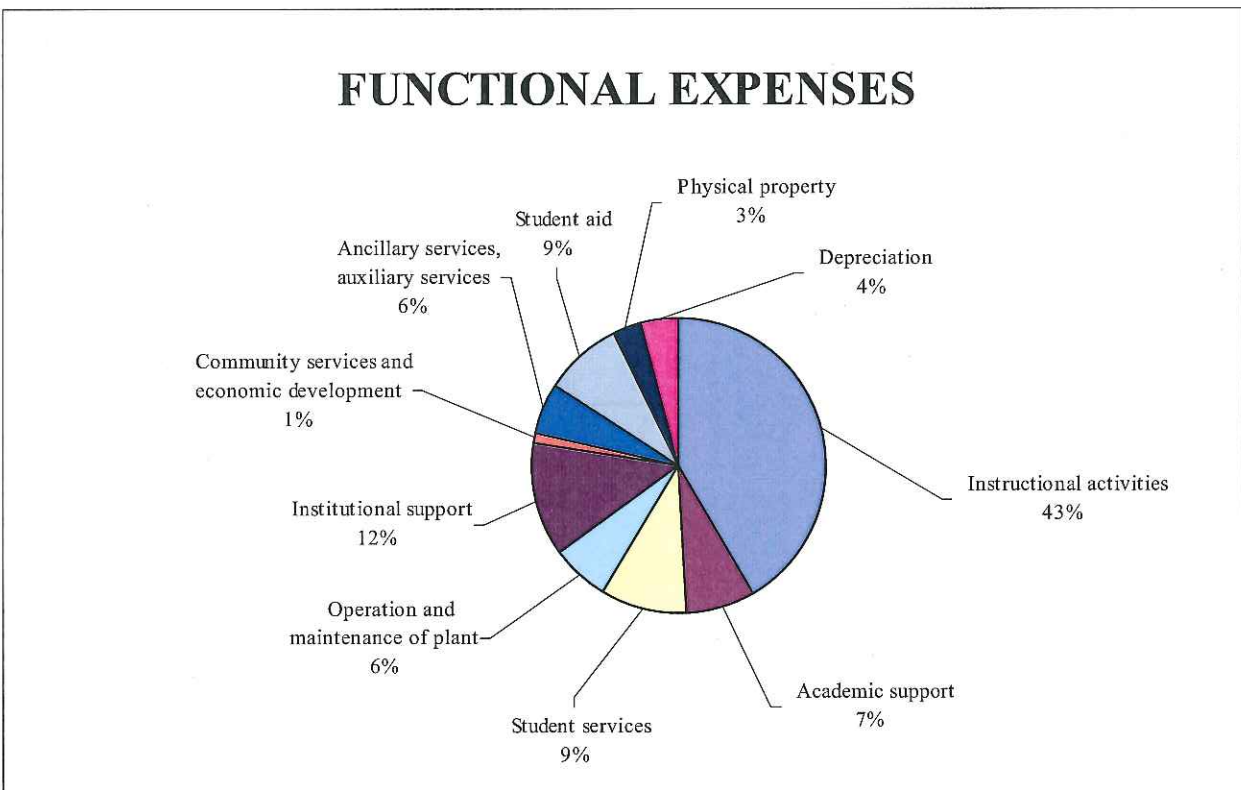
JUNE 30, 2008

The Student Services expense (9%) includes counseling and guidance services and expenses associated with a number of state and categorical programs to include, Matriculation, Disabled Student Services Program (DSP & S), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 9%.

The bulk of the ancillary services and auxiliary operations percentage (6%) encompasses the bookstore operation. Also included in this category are expenses for the child care center, contract education department, food service operation, parking operation, and student and co-curricular activities. In 2004-05 and prior years, the child care center expenses were included with instructional activities.

The Community Services and Economic Development (1%), includes community services recreation, classes, and facility use. Plant Maintenance and Operation was 6%. Physical property category (3%) and depreciation (4%) which consists of a number of building improvements and alterations that took place throughout the District.

### OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION - 2008



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

### Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the District during the year. The statement is divided into five parts. The first part deals with the operating cash flows, and shows the net cash used by the operating activities of the District. The second section reflects cash flows from non-capital financing activities. The third section deals with the net cash used by financing activities related to the acquisition of capital and related items. The fourth section reflects the cash received from investing activities, and shows the purchases, proceeds, and interest received from investing activities. The fifth section, (not summarized here) reconciles the net cash activity to the net operating loss on the Statement of Revenue, Expenses and Changes in Net Asset.

	2008	2007	2006
Cash provided by (used in)			
Operating activities	\$ (94,090,962)	\$ (80,585,124)	\$ (60,939,952)
Non-capital financing activities	85,304,461	93,414,424	78,646,611
Capital and related financing activities	(63,875,102)	(34,768,512)	(19,019,449)
Investing activities	25,520,489	19,078,971	2,028,186
Net increase (decrease) in cash	(47,141,114)	(2,860,241)	715,396
Cash - beginning of year	126,978,763	129,839,004	129,123,608
<b>Cash - end of year</b>	<b>\$ 79,837,649</b>	<b>\$ 126,978,763</b>	<b>\$ 129,839,004</b>

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2008, the District had a net \$180.3 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$52.5 million, or 41.1 percent, from last year. We present more detailed information regarding our capital assets in Note 4 of the financial statements.

#### Long-Term Debt

At the end of this year, the District had \$532.3 million in debt outstanding versus \$530.7 million last year, a slight increase, due to the current year accreted interest for the GO Bonds. Other obligations include lease revenue bonds, children's center loan, compensated absences payable, and bond premiums amortizable over the life of the bond. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

#### Economic Factors that will Affect the Future

The District is dependent on the State of California for a majority of its revenue. State law and regulation further specify the allowed uses of state revenue. The most important element of state funding is the General Apportionment calculation, which accounts for 75% of the District's total General Fund. Although the District receives local income from property tax proceeds and student enrollment fees, these local income sources are included in the state Base Apportionment calculation.

# **CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2008**

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The District will closely monitor state economic forecasts and other information available to the district to develop sound financial plans for the future.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Department of Business Services at Chabot-Las Positas Community College District, 5020 Franklin Drive, Pleasanton, California 94588, or e-mail at [jnahlen@clpccd.org](mailto:jnahlen@clpccd.org).



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENTS OF NET ASSETS  
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Deposits and investments	\$ 22,557,843	\$ 18,967,578
Restricted deposits and investments	481,932,590	512,146,461
Accounts receivable, net	13,919,798	11,579,173
Student receivable, net	3,397,573	2,772,025
Deferred charges - current portion	247,207	191,582
Prepaid expenses	926,833	716,299
Stores inventories	901,925	1,041,904
Other current assets - current portion	20,026	245,027
<b>Total Current Assets</b>	<u>523,903,795</u>	<u>547,660,049</u>
<b>Noncurrent Assets</b>		
Restricted deposits and investments	435,239	435,239
Deferred charges - noncurrent portion	5,039,226	5,342,058
Nondepreciable capital assets	76,319,817	41,064,849
Depreciable capital assets, net of depreciation	103,953,141	86,717,686
<b>Total Noncurrent Assets</b>	<u>185,747,423</u>	<u>133,559,832</u>
<b>TOTAL ASSETS</b>	<u>709,651,218</u>	<u>681,219,881</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Deficit cash and cash equivalents	1,365,983	453,619
Accounts payable	30,223,473	14,163,431
Interest payable, unrestricted	4,148,021	4,003,159
Deferred revenue	4,388,377	5,738,443
Amounts held in trust custody on behalf of others	1,351,445	1,262,190
Bonds payable - current portion	6,340,000	12,430,000
Lease revenue bond payable - current portion	160,000	155,000
Lease obligations - current portion	-	7,593
Other long-term liabilities - current portion	1,446,652	1,562,077
<b>Total Current Liabilities</b>	<u>49,423,951</u>	<u>39,775,512</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable - noncurrent portion	2,015,681	1,769,386
Bonds payable - noncurrent portion	497,043,795	487,927,140
Lease revenue bond - noncurrent portion	4,830,000	4,990,000
Other long-term liabilities - noncurrent portion	20,492,219	21,826,446
<b>Total Noncurrent Liabilities</b>	<u>524,381,695</u>	<u>516,512,972</u>
<b>TOTAL LIABILITIES</b>	<u>573,805,646</u>	<u>556,288,484</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	103,350,480	86,519,758
Restricted for:		
Debt service	11,895,342	19,055,285
Capital projects	6,548,693	1,556,574
Unrestricted	14,051,057	18,253,399
<b>TOTAL NET ASSETS</b>	<u>\$ 135,845,572</u>	<u>\$ 125,385,016</u>

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

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees	\$ 11,602,832	\$ 12,704,464
Less: Scholarship discount and allowance	(2,433,984)	(2,591,498)
Net tuition and fees	<u>9,168,848</u>	<u>10,112,966</u>
Grants and Contracts, noncapital:		
Federal	10,460,131	9,037,720
State	11,094,908	12,254,035
Local	1,110,284	6,317,289
Auxiliary Enterprise Sales and Charges		
Bookstore	4,092,263	3,981,335
Other Operating Revenues	<u>3,305,877</u>	<u>3,098,190</u>
<b>TOTAL OPERATING REVENUES</b>	<u>39,232,311</u>	<u>44,801,535</u>
<b>OPERATING EXPENSES</b>		
Salaries	76,129,074	68,980,016
Employee benefits	23,749,148	21,858,404
Supplies, materials, and other operating expenses and services	30,925,839	31,079,097
Equipment, maintenance, and repairs	1,774,009	1,723,441
Depreciation	<u>5,977,773</u>	<u>4,461,548</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>138,555,843</u>	<u>128,102,506</u>
<b>OPERATING LOSS</b>	<u>(99,323,532)</u>	<u>(83,300,971)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments, noncapital	58,162,024	51,018,716
Local property taxes, levied for general purposes	23,710,651	22,399,990
State taxes and other revenues	2,690,641	3,449,379
Investment income	24,548,291	14,476,012
Interest expense on capital related debt	(24,840,857)	(13,654,255)
Investment income on capital asset-related debt, net	282,787	784,267
Transfer from agency fund	-	199,744
Transfer to agency fund	-	(118,401)
Other nonoperating revenue	<u>22,458,548</u>	<u>14,537,537</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>107,012,085</u>	<u>93,092,989</u>
<b>INCOME BEFORE OTHER REVENUES AND EXPENSES</b>	<u>7,688,553</u>	<u>9,792,018</u>
State revenues, capital	<u>2,772,003</u>	<u>4,023,643</u>
<b>CHANGE IN NET ASSETS</b>	<u>10,460,556</u>	<u>13,815,661</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>125,385,016</u>	<u>111,569,355</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 135,845,572</u>	<u>\$ 125,385,016</u>

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

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 7,843,655	\$ 8,831,374
Federal grants and contracts	22,290,055	27,626,100
Payments to vendors for supplies and services	(29,114,993)	(24,065,182)
Payments to or on behalf of employees	(99,813,162)	(89,925,632)
Payments to students for scholarships and grants	-	(7,508,283)
Auxiliary enterprise sales and charges:		
Bookstore	4,610,228	4,407,709
Other operating receipts (payments)	93,255	48,790
<b>Net Cash Flows Used In Operating Activities</b>	<u>(94,090,962)</u>	<u>(80,585,124)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	58,037,638	52,519,405
Property taxes - nondebt related	23,710,651	35,876,087
State taxes and other apportionments	2,346,328	3,739,233
Other nonoperating	1,209,844	1,279,699
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>85,304,461</u>	<u>93,414,424</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(43,906,493)	(31,173,504)
Loss on disposal of assets	3,386	-
Accreted interest	15,456,655	10,002,142
State revenue, capital projects	2,772,003	10,481,573
Deferred cost on issuance of debt	247,207	(4,388,886)
Principal paid on capital debt	(14,034,652)	(9,803,739)
Interest paid on capital debt	(24,695,995)	(10,670,365)
Interest received on capital asset-related debt	282,787	784,267
<b>Net Cash Flows From (Used In) Capital Financing Activities</b>	<u>(63,875,102)</u>	<u>(34,768,512)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	25,520,489	19,078,971
<b>Net Cash Flows From Investing Activities</b>	<u>25,520,489</u>	<u>19,078,971</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(47,141,114)	(2,860,241)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>126,978,763</u>	<u>129,839,004</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 79,837,649</u>	<u>\$ 126,978,763</u>

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

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS, Continued  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	\$ (99,323,532)	\$ (83,300,971)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation and amortization expense	5,977,773	4,461,548
Changes in Assets and Liabilities:		
Receivables	(1,905,293)	(3,202,456)
Stores inventories	139,979	(154,882)
Prepaid expenses	14,467	(902,463)
Accounts payable and accrued liabilities	2,266,455	4,557,378
Deferred revenue	(1,350,066)	(2,092,068)
Funds held for others	89,255	48,790
Total Adjustments	<u>5,232,570</u>	<u>2,715,847</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (94,090,962)</u>	<u>\$ (80,585,124)</u>
 <b>CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:</b>		
Cash in banks	\$ 5,558,704	\$ 7,194,461
County cash, cash equivalent	74,278,945	119,784,302
<b>Total Cash and Cash Equivalents</b>	<u>\$ 79,837,649</u>	<u>\$ 126,978,763</u>
 <b>NON CASH TRANSACTIONS</b>		
On behalf payments for benefits	<u>\$ 1,603,496</u>	<u>\$ 1,470,968</u>

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

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **Organization**

The Chabot-Las Positas Community College District (the District) was established in 1961 as a political subdivision of the State of California and provides post secondary educational services to residents of Alameda County and the surrounding area. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates two campuses/colleges located within Alameda County. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

#### **Financial Reporting Entity**

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determined the presentation are: providing a “direct benefit” the “environments and ability to access/influence reporting” and the “significance” criterion.

The District identified the Chabot-Las Positas District College Foundation, the Chabot College Foundation, the Las Positas College Foundation, and the Chabot – Las Positas Community College District Financing Corporation (Corporation) as potential component units. The District has elected not to present the Foundations as component units because the Foundations’ assets, liabilities, and disbursements to the District are not considered to be significant to the District. The Corporation is presented as a component unit as the board is controlled by the board of the District.

Under generally accepted accounting principles established by the GASB, the financial reporting entity consist of the Chabot – Las Positas Community College District, as well as the following component units.

- Chabot – Las Positas Community College District Financing Corporation

The Chabot – Las Positas Community College District Financing Corporation (Corporation) is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been “blended” or consolidated within the financial statements as the District as if the activity was the District’s. Individually-prepared financial statements are not prepared for the Chabot – Las Positas Community College District Financing Corporation.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations. Revenue from State apportionments is generally recognized in the fiscal year in which it is apportioned from the State. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements.

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges System's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after the date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and 38. The Business type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Assets
  - Statement of Revenues, Expenses and Changes in Net Assets
  - Statement of Cash Flows
- Notes to the Financial Statements

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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The following is a summary of the more significant policies:

### **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represented balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. Investments for which there are no quoted market prices are not material.

### **Accounts Receivable**

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is increased by 5 percent of total outstanding student receivables each year. The allowance was estimated at \$375,000 and \$375,000 for the years ended June 30, 2008 and 2007.

### **Prepaid Expenses**

Prepaid expenditures or expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

### **Stores Inventory**

Stores Inventory consists primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the weighted average method. The cost is recorded as an expense as the inventory is consumed.

### **Capital Assets and Depreciation**

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$1,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to buildings and land that significantly increase the value or extend the useful life of the assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 25 to 50 years, equipment, 3 to 8 years.

### **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

### **Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements and in the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

### **Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

### **Deferred Revenue**

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met are recorded as deferred revenue.

### **Net Assets**

GASB Statements No. 34 and No. 35 report equity as "Net Assets." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

**Invested in Capital Assets, Net of Related Debt:** Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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**Restricted – Expendable:** Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and or educational programs.

None of the District's restricted net assets have resulted from enabling legislation adopted by the District.

**Unrestricted:** Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

### Operating Revenues and Expenses

**Classification of Revenues** - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statement No., 35. Classifications are as follows:

**Operating revenues** - Operating revenues include activities that have the characteristics of exchange transactions, such as, (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most Federal, State, and local grants and contracts, and (4) interest on institutional student loans.

**Nonoperating revenues** - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources described in GASB Statement No. 34.

**Classification of Expenses** - Nearly all the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

**Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

**Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

### State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year and are recorded in the District's financial records when received.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **On-Behalf Payments**

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$1,603,496.

### **Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### **Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. 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 Alameda bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

### **Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the years ended June 30, 2008 and 2007, the District distributed \$1,848,670 and \$1,328,008 in direct lending of Federal Family Education Loans from the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students however the amounts are included on the Schedule of Federal Financial Assistance.

### **Interfund Activity**

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Assets. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### New Accounting Pronouncements

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations.

This Statement generally provides for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The District is in the process of determining the impact the implementation of this Statement will have on the government-wide statement of net assets and activities.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to those intangible assets, as applicable. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The requirements of this Statement are effective for financial statements beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as Phase 1 or Phase 2 governments for the purpose of implementing Statement No 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. The District believes the implementation of this Statement will have no significant impact on the financial statements.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value and other information that they currently present for other investments reported at fair value. The guidance in this Statement is effective for financial statements for reporting periods beginning after June 15, 2008, with earlier application encouraged. The District believes the implementation of this Statement will have no significant impact on the financial statements.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement is intended to improve how State and local governments report information about derivative instruments, financial arrangements used by governments to manage specific risks or make investments, in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements and is effective for financial statements for reporting periods beginning after June 15, 2009, with earlier application encouraged. The District believes the implementation of this Statement will have no significant impact on the financial statements.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

### **NOTE 2 – CASH AND INVESTMENT**

#### **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.

**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**Authorized Under 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. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Deposits and investments	\$ 22,557,843
Restricted deposits and investments	481,932,590
Restricted deposits and investments - noncurrent	435,239
	<u>\$ 504,925,672</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

County cash	\$ 75,644,928
Deficit county cash	<u>(1,365,983)</u>
Total county cash	74,278,945
Cash on hand and in banks	5,547,152
Cash in revolving	<u>11,552</u>
Total Cash and cash equivalents	79,837,649
Investments	<u>425,088,023</u>
Total Deposits and Investments	<u><u>\$ 504,925,672</u></u>

**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. The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Weighted Average Maturity**

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity In Years</u>
Notes, mortgages, and contracts	\$ 435,239	N/A
U.S. Agencies	414,905	N/A
Repurchase agreement	<u>424,237,879</u>	3.33
Subtotal	425,088,023	
County Pool	<u>74,278,945</u>	0.92
Total	<u><u>\$ 499,366,968</u></u>	

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**Credit Risk**

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating at Year End Unrated
Notes, mortgages, and contracts	\$ 435,239	None	N/A
U.S. Agencies	414,905	None	N/A
Repurchase agreement	424,237,879	AA	AAA
Subtotal	425,088,023		
County Pool	74,278,945	None	N/A
Total	\$ 499,366,968		

**Concentration of Credit Risk** – The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent (5%) or more of the total investments are as follows.

Investment Type	Issuer	Reported Amount
Repurchase agreement	Citigroup Global Markets Inc.	\$ 424,237,879

**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2008, approximately \$7.5 million of the District's bank balance of \$8.2 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

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**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The District has determined \$375,000 and \$375,000 of accounts receivable at June 30, 2008 and 2007 may be uncollectible and has set up a corresponding allowance for doubtful accounts.

The accounts receivable are as follows:

	<u>2008</u>	<u>2007</u>
Federal Government		
Categorical aid	\$ 545,081	\$ 721,052
State Government		
Apportionment	3,323,515	3,199,129
Categorical aid	546,355	122,279
Lottery	1,074,924	508,406
Other State sources	-	1,207,924
Local Government		
Interest	672,861	1,645,059
Other local sources	<u>7,757,062</u>	<u>4,175,324</u>
Total	<u>\$ 13,919,798</u>	<u>\$ 11,579,173</u>
Student receivables	\$ 3,539,104	\$ 2,969,768
Less allowance for bad debt	(375,000)	(375,000)
Student loan receivables	<u>233,469</u>	<u>177,257</u>
Student receivables, net	<u>\$ 3,397,573</u>	<u>\$ 2,772,025</u>



**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the District for the fiscal year ended June 30, 2008, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,087,458	\$ 4,113,521	\$ -	\$ 6,200,979
Construction in progress	38,977,391	48,506,277	17,364,830	70,118,838
Total Capital Assets Not Being Depreciated	<u>41,064,849</u>	<u>52,619,798</u>	<u>17,364,830</u>	<u>76,319,817</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	2,922,205	23,563	-	2,945,768
Buildings and improvements	105,232,439	20,787,629	747,083	125,272,985
Furniture and equipment	23,971,399	2,405,422	5,879	26,370,942
Total Capital Assets Being Depreciated	<u>132,126,043</u>	<u>23,216,614</u>	<u>752,962</u>	<u>154,589,695</u>
Total Capital Assets	<u>173,190,892</u>	<u>75,836,412</u>	<u>18,117,792</u>	<u>230,909,512</u>
<b>Less Accumulated Depreciation</b>				
Land improvements	108,310	291,669	-	399,979
Buildings and improvements	29,125,824	2,562,134	747,083	30,940,875
Furniture and equipment	16,174,223	3,123,970	2,493	19,295,700
Total Accumulated Depreciation	<u>45,408,357</u>	<u>5,977,773</u>	<u>749,576</u>	<u>50,636,554</u>
Subtotal Capital Assets Being Depreciated	<u>86,717,686</u>	<u>17,238,841</u>	<u>3,386</u>	<u>103,953,141</u>
Net Capital Assets	<u>\$ 127,782,535</u>	<u>\$ 69,858,639</u>	<u>\$ 17,368,216</u>	<u>\$ 180,272,958</u>

Depreciation expense for the year was \$5,977,773.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

Capital asset activity for the District for the fiscal year ended June 30, 2007 was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,087,458	\$ -	\$ -	\$ 2,087,458
Construction in progress	14,396,346	24,581,045	-	38,977,391
Total Capital Assets Not Being Depreciated	<u>16,483,804</u>	<u>24,581,045</u>	<u>-</u>	<u>41,064,849</u>
<b>Capital Assets Being Depreciated</b>				
Buildings and improvements	104,839,692	3,314,952	-	108,154,644
Furniture and equipment	20,693,892	3,277,507	-	23,971,399
Total Capital Assets Being Depreciated	<u>125,533,584</u>	<u>6,592,459</u>	<u>-</u>	<u>132,126,043</u>
Total Capital Assets	<u>142,017,388</u>	<u>31,173,504</u>	<u>-</u>	<u>173,190,892</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	27,035,278	2,198,856	-	29,234,134
Furniture and equipment	13,911,531	2,262,692	-	16,174,223
Total Accumulated Depreciation	<u>40,946,809</u>	<u>4,461,548</u>	<u>-</u>	<u>45,408,357</u>
Net Capital Assets	<u>\$ 101,070,579</u>	<u>\$ 26,711,956</u>	<u>\$ -</u>	<u>\$ 127,782,535</u>

Depreciation expense for the year was \$4,461,548.

**NOTE 5 - ACCOUNTS PAYABLE**

Accounts payable for the District consisted of the following:

	2008	2007
Accrued payroll	\$ 2,263,078	\$ 2,444,313
Vendor	27,960,073	11,714,527
State categorical	322	4,591
Total	<u>\$ 30,223,473</u>	<u>\$ 14,163,431</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**NOTE 6 - DEFERRED REVENUE**

Deferred revenue at consisted of the following:

	<u>2008</u>	<u>2007</u>
State categorical aid	\$ 1,201,251	\$ 2,865,995
Enrollment fees	2,087,790	2,787,435
Other local	1,099,336	85,013
Total	<u>\$ 4,388,377</u>	<u>\$ 5,738,443</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

**Long-term Obligations Summary**

The changes in the District's long-term obligations during the 2008 fiscal year consisted of the following:

	<u>Balance Beginning of Year</u>	<u>Accretion</u>	<u>Deductions</u>	<u>Balance End of Year</u>	<u>Due in One Year</u>
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 500,357,140	\$ 15,456,655	\$ 12,430,000	\$ 503,383,795	\$ 6,340,000
Unamortized bond premiums	23,208,523	-	1,419,652	21,788,871	1,416,652
Subtotal general obligation bonds	523,565,663	15,456,655	13,849,652	525,172,666	7,756,652
Lease revenue bonds	5,145,000	-	155,000	4,990,000	160,000
Children center loan	180,000	-	30,000	150,000	30,000
Total Bonds and Notes Payable	<u>528,890,663</u>	<u>15,456,655</u>	<u>14,034,652</u>	<u>530,312,666</u>	<u>7,946,652</u>
<b>Other Liabilities</b>					
Compensated absences	1,769,386	246,295	-	2,015,681	-
Capital leases	7,593	-	7,593	-	-
Total Other Liabilities	<u>1,776,979</u>	<u>246,295</u>	<u>7,593</u>	<u>2,015,681</u>	<u>-</u>
Total Long-term Debt	<u>\$ 530,667,642</u>	<u>\$ 15,702,950</u>	<u>\$ 14,042,245</u>	<u>\$ 532,328,347</u>	<u>\$ 7,946,652</u>

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

The changes in the District's long-term obligations during the 2007 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretion	Deductions	Balance End of Year	Due in One Year
<b>Bonds and Notes Payable</b>					
General obligation bonds	\$ 99,275,850	\$ 409,411,290	\$ 8,330,000	\$ 500,357,140	\$ 12,430,000
Unamortized bond premium	14,480,049	10,002,142	1,273,668	23,208,523	1,532,077
Subtotal general obligation bonds	113,755,899	419,413,432	9,603,668	523,565,663	13,962,077
Lease revenue bonds	5,295,000	-	150,000	5,145,000	155,000
Children center loan	210,000	-	30,000	180,000	30,000
Total Bonds and Notes Payable	119,260,899	419,413,432	9,783,668	528,890,663	14,147,077
<b>Other Liabilities</b>					
Compensated absences	1,516,917	252,469	-	1,769,386	-
Capital leases	27,664	-	20,071	7,593	7,593
Total Other Liabilities	1,544,581	252,469	20,071	1,776,979	7,593
Total Long-term Debt	\$ 120,805,480	\$ 419,665,901	\$ 9,803,739	\$ 530,667,642	\$ 14,154,670

### Description of Debt

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. In 2006, \$90,000,000 of the Series A bonds were refunded by issuing a refunding bond in the amount of \$89,275,850. The refunding bond generated a premium of \$14,725,474 which resulted in \$14,696,664 of additional cash received for bond projects. In October 2006, the District issued Series B and Series C Bonds in the amount of \$229,159,710 and \$168,838,667, respectively. At June 30, 2008, \$503,383,795 was outstanding. Interest rates on the bonds are 3.500 to 5.100 percent. Payments on the general obligation bonds are paid by the Bond Interest and Redemption Fund.

The lease revenue bonds were issued in July 2002 in the amount of \$5,735,000 for the purchase of a building for the District offices. At June 30, 2008, \$4,990,000 was outstanding. The bonds mature through August 2027 with interest rates ranging from 4.5% to 6.0%. Payments on the lease revenue bonds are paid by the Capital Outlay Projects Fund.

The children's center loans were issued in 2003 in the amount of \$300,000 interest free to finance the purchase and installation of relocatable child-care facilities on the Chabot College campus. At June 30, 2008, \$150,000 was outstanding. The loans mature through December 2012. Payments of the loans are paid by Child Development Fund.

The accumulated unpaid compensated absences for the District at June 30, 2008, amounted to \$2,015,681. The accumulated unpaid compensated absences will be paid by the fund for which the employee worked.

The District has utilized capital leases purchase agreements to purchase primarily equipment. District has paid off the balance of capital leases as of June 30, 2008.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**Debt Maturity**

**General Obligation Bonds**

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2007	Accretion	Redeemed	Outstanding June 30, 2008
3/2/2004	2011	3.500-5.000%	\$ 100,000,000	\$ 2,620,000	\$ -	\$ 490,000	\$ 2,130,000
3/29/2006	2021	3.500-5.000%	89,275,849	89,984,775	1,863,308	5,635,000	86,213,083
10/17/2006	2031	4.000-5.000%	229,159,710	232,335,511	4,411,130	6,305,000	230,441,641
10/17/2006	2046	4.090-5.100%	168,838,667	175,416,854	9,182,217	-	184,599,071
				<u>\$ 500,357,140</u>	<u>\$ 15,456,655</u>	<u>\$ 12,430,000</u>	<u>\$ 503,383,795</u>

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2009	\$ 6,340,000	\$ 9,842,700	\$ 16,182,700
2010	7,272,101	9,601,475	16,873,576
2011	8,082,805	9,331,400	17,414,205
2012	8,900,451	9,023,463	17,923,914
2013	7,562,910	10,971,186	18,534,096
2014-2018	34,059,571	62,768,330	96,827,901
2019-2023	64,258,800	36,750,750	101,009,550
2024-2028	50,018,603	33,240,250	83,258,853
2029-2033	144,517,845	14,056,025	158,573,870
2034-2038	54,990,510	-	54,990,510
2039-2043	51,560,032	-	51,560,032
2044-2047	38,950,598	-	38,950,598
Total	<u>476,514,226</u>	<u>\$ 195,585,579</u>	<u>\$ 633,149,207</u>
Interest accreted to date	<u>26,869,569</u>		
Total including accreted interest	<u>\$ 503,383,795</u>		

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**Lease Revenue Bonds**

Year Ending June 30,	Principal	Interest	Total
2009	\$ 160,000	\$ 230,515	\$ 390,515
2010	165,000	225,188	390,188
2011	170,000	219,325	389,325
2012	175,000	212,850	387,850
2013	185,000	204,725	389,725
2014-2018	1,060,000	888,075	1,948,075
2019-2023	1,355,000	594,249	1,949,249
2024-2028	1,720,000	223,363	1,943,363
Total	<u>\$ 4,990,000</u>	<u>\$ 2,798,290</u>	<u>\$ 7,788,290</u>

**Children's Center Loan**

Fiscal Year	Principal
2009	\$ 30,000
2010	30,000
2011	30,000
2012	30,000
2013	30,000
Total	<u>\$ 150,000</u>

**Capital Leases**

The District has entered into various capital lease arrangements and has recorded capital assets with corresponding accumulated depreciation. As of June 30, 2008, the District has paid off the balance on lease agreements with option to purchase.

**Defeasance of Debt Obligations**

In 2006, the District defeased \$90,000,000 general obligation bond issued in 2004 by creating a separate irrevocable trust fund. New debt has been issued and the proceeds have been used to purchase U. S. government securities and placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the District's Long-Term Obligations. As of June 30, 2008, the balance in the escrow account amounted to \$86,011,466.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### **NOTE 8 - POSTEMPLOYMENT BENEFITS**

The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in Public Employees' Retirement System (PERS) is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in State Teachers' Retirement System (STRS) is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years and varies by employee class. The District recognizes expenditures for these post-employment health benefits on a pay as you go basis.

The District offers subsidized health insurance benefits to all employees who retire from the District and meet the age and serviced requirement for eligibility. Group medical coverage is provided for academic retirees hired on or after April 1, 1986 and classified retirees hired on or after July 1, 1984. Such benefits are required through the District's union contracts. The amount of the District's contribution per employee towards such annual premiums is determined according to the collective bargaining agreements. The District recognizes the costs of providing those benefits and related costs when paid. Active plan participants at June 30, 2008 totaled 317. Payments for retired employees totaled \$3,429,428 for the year ended June 30, 2008 and were recorded as expenses.

The District partially funds the Accumulated Postretirement Benefit Obligation ("APBO"), which is defined as the present value of the projected benefits that have already been earned. Based on an actuarial study performed in 2007 (the most recent available), the Actuarial accrued liability as of December 31, 2006 was estimated to be approximately \$82 million. Funds set aside for funding purposes were \$3,035,253 at June 30, 2008.

### **NOTE 9 - RISK MANAGEMENT**

#### **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2008, the District contracted with the Statewide Association of Community Colleges (SWACC) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. Liability claims up to \$25 million and property claims up to \$250 million per occurrence are covered by SWACC.

#### **Workers' Compensation**

For fiscal year 2007-2008, the District participated in the Protected Insurance Program for Schools JPA (PIPS), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### *NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS*

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### **CalSTRS**

##### **Plan Description**

The District contributes to CalSTRS a cost sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provision are established by State statutes, as legislatively amended within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

##### **Funding Policy**

Active members of the DB Plan are required to contribute eight percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2007-2008 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative CalSTRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

##### **Annual Pension Cost**

The District's total contributions to STRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$2,936,235, \$2,694,125, and \$2,447,924, respectively, and equal 100 percent of the required contributions for each year.

#### **CalPERS**

##### **Plan Description**

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The Chabot-Las Positas Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service.



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

---

Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

### **Funding Policy**

Active plan members are required to contribute seven percent of their salary (seven percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2007-2008 was 9.306 percent of annual payroll.

### **Annual Pension Cost**

The District's contributions to CalPERS for fiscal years ending June 30, 2008, 2007, and 2006, were \$2,317,375, \$1,999,138, and \$1,793,096, respectively, and equaled 100 percent of the required contributions for each year.

### **On Behalf Payments**

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS. The State of California made contribution to CalSTRS on behalf of the District for fiscal year ending June 30, 2008, 2007, and 2006 were \$1,603,496, 1,470,968, and \$1,336,829, respectively, and equal 4.517 percent of salaries subject to CalSTRS. A contribution to CalPERS was not required for the year ended June 30, 2008, 2007, and 2006. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

### **Deferred Compensation**

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees holds the assets in trust for added security.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

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### *NOTE 11 - COMMITMENTS AND CONTINGENCIES*

#### **Grants**

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

#### **Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2008.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### Construction Commitments

As of June 30, 2008, the District had the following commitments with respect to the unfinished capital projects:

The projects are funded through general obligation bonds.

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
<b>DISTRICT</b>		
On-Going Maintenance & Repairs: Roofs, HVAC (A, B, C, E)	\$ 5,000	Through June 09
Program Level Services, District (A, B, C, D, E)	8,115	Through June 09
<b>CHABOT COLLEGE</b>		
Administration Building - 200 (E, K, N, Y)	540	Through June 09
Classroom Building 300/500 (E, F)	102,747	August-09
Instructional Office Building 700 (H)	12,948,845	June-09
Classroom Buildings 800, 900, 1000 (E, F)	2,091,176	January-09
Industrial Technology Building - 1400 (E, F)	316,500	Through June 09
Engineering Building - 1600 (F)	56,785	Through June 09
Science Lecture Hall / Planetarium (F)	184,252	July-09
Health Science Building - 2200 (E, F)	198,000	Through June 09
Community and Student Services Center * (E, F, I)	26,748,032	August-09
Showers/Restrooms & Classrooms, Bldg 4100 (E, F)	1,836,085	December-11
Athletic Fields / Tennis Courts (E, F)	910,409	August-08
Temporary Faculty Offices (F)	474,327	Through June 09
Classroom/Lab Equipment & Library Materials (F)	49,806	Through June 09
Project & Construction Management (Y)	5,338,759	Through June 09
Central Plant (K)	14,614,422	December-08
Parking Lots A & B and G & H (F)	2,287,458	August-08
Swimming Pool (E, F)	4,447	June-08
Miscellaneous Site Work (F)	133,133	Through June 09
Solar Projects (K)	9,562,642	June-09

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008 AND 2007

### LAS POSITAS

Multi-Disciplinary Education Building (E, O, S)	276,989	December-08
Multi-Disciplinary Education Building - Re-Work (E, O, S)	79,836	December-08
Child Development Center (E, O, S)	557,247	July-10
College Center for Arts (E, O)	1,982,534	May-10
PE Complex (Gym) - Re-Work (E, O)	114,326	Through June 09
Student Services & Central Administration (O, P, U, X)	2,782,719	April-12
Renovations (O, E)	88,106	Through June 09
Maintenance and Operations Facility (E, O)	1,479,946	March-09
Instructional Equipment (O)	38,779	Through June 09
Central Utility Plant (O, V)	9,791,552	July-09
Districtwide Information Technology Building (E, O, W)	216,752	January-10
Program & Construction Management (Y)	898,561	Through June 09
Campus Boulevard Phases I-III (P, X)	43,905	August-09
Parking Lot Upgrades (P, X)	30,816	Through June 09
PE Phase III (Outside Loop Road) (E, O)	653,847	March-10
Aquatic Center & Soccer Fields (E, O)	4,877,202	December-08
EIR Services (Y)	66,666	Through June 09
Site Utilities & Grading (V, X)	38,195	Through June 09
Solar Projects (V)	11,432,092	December-08
Fire Alarm Upgrade	24,277	Through June 09
<b>TOTAL</b>	<b>\$ 113,345,826</b>	

### **NOTE 12 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES**

The District is a member of the Protected Insurance Program for Schools JPA (PIPS) and the Statewide Association of Community Colleges for property and liability insurance (SWACC). The District pays annual premiums for these insurance coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2008, the District made payments of \$786,170 to PIPS for its workers' compensation coverage and \$494,514 to Statewide Association of Community Colleges for property and liability insurance.

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*SUPPLEMENTARY INFORMATION*

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# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION JUNE 30, 2008

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The Chabot-Las Positas Community College District was established on July 1, 1961, and is comprised of an area of approximately 588 square miles located in Alameda County. There were no changes in the boundaries of the District during the current year.

### BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mr. Carlo Vecchiarelli	President	2008
Dr. Hal G. Gin	Secretary	2010
Dr. Arnulfo Cedillo	Trustee	2008
Ms. Isobel F. Dvorsky	Trustee	2010
Mr. Donald L. Gelles	Trustee	2010
Dr. Alison S. Lewis	Trustee	2008
Dr. Barbara F. Mertes	Trustee	2008

### ADMINISTRATION

Dr. Joel L. Kinnamon	Chancellor
Mr. Lorenzo Legaspi	Vice Chancellor, Business Services
Dr. Robert Carlson	Interim Vice Chancellor, Educational and Planning Services

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARD FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Pass Through Programs From:		
California State Department of Education		
Child and Adult Care Food Program	10.558	\$ 84,469
Total U.S. Department of Agriculture		<u>84,469</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
Pass Through Programs From:		
County of Alameda		
Workforce Investment Act (WIA) Cluster		
WIA Youth Activities	17.259	81,000
WIA Adult Program	17.258	132,174
WIA Dislocated Workers	17.260	170,234
Total WIA Cluster		<u>383,408</u>
Total U.S. Department of Labor		<u>383,408</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Student Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	175,993
Federal Family Education Loans (FFEL)	84.032	1,848,670
Federal College Work Study Program (FWS)	84.033	159,712
Federal Pell Grant Program (PELL)	84.063	7,780,505
Federal College Academic Competitiveness Grant (ACG)	84.375	58,975
Total Student Financial Aid Cluster		<u>10,023,855</u>
TRIO Cluster		
TRIO - Talent Search	84.044	225,119
TRIO - Student Support Services	84.047	227,180
Total TRIO Cluster		<u>452,299</u>
Subtotal Direct Programs		<u>10,476,154</u>
Pass Through Programs From:		
California Community Colleges Chancellor's Office		
Vocational Education - Basic Grants to States	84.048	640,349
Alameda County PIC Job Training Partnership Agreement		
Tech-Prep Education	84.243	253
California Department of Education - Program Infant Toddler Caregivers	84.349A	1,350
Subtotal Pass Through Programs		<u>641,952</u>
Total U.S. Department of Education		<u>11,118,106</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Pass Through Programs From:		
California Community Colleges Chancellor's Office		
Temporary Assistance for Needy Families (TANF)	93.558	71,167
Child, Family & Community Services - Head Start	93.600	501,968
Child, Family & Community Services - Community Action to		
Reach Out to Infants (CARI) Program	93.658	27,312
Total U.S. Department of Health and Human Services		<u>600,447</u>
Total Expenditures of Federal Awards		<u>\$ 12,186,430</u>

See accompanying note to supplementary information.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2008

Program	Program Revenues					Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income	Accounts Payable	Total Revenue	
<b>GENERAL FUND</b>						
Lottery (Prop 20)	\$ 46,735	\$ 277,247	\$ -	\$ -	\$ 323,982	\$ 277,247
EOPS	790,371	-	-	322	790,049	790,049
DSPS	1,764,443	-	-	-	1,764,443	1,764,443
CalWorks	529,809	-	-	-	529,809	529,809
TTIP	99,186	-	89,193	-	9,993	9,993
CARE	67,658	-	-	-	67,658	67,658
BFAP Financial Aid Admin	575,546	-	12,561	-	562,985	562,985
Matriculation	1,233,753	-	-	-	1,233,753	1,233,753
Faculty & Staff Diversity	19,211	-	-	-	19,211	19,211
Instructional Equipment Scheduled Maintenance & Repair	190,046	-	-	-	190,046	190,046
Economic Development - Nursing Care	57,142	-	-	-	57,142	48,322
Economic Development - Nursing Education	190,627	-	80,234	-	110,393	110,394
Economic Development - Workplace Learning Center	172,200	31,487	-	-	203,687	203,687
Economic Development - Training Incumbent Workers	192,553	-	-	-	192,553	174,939
Basic Skills 0708	374,134	-	356,212	-	17,922	17,922
Basic Skills - One Time Funds	320,579	-	-	-	320,579	302,129
Career Tech - One Time Funds	595,236	-	-	-	595,236	584,647
Instructional Material - One Time Funds	702,682	-	-	-	702,682	702,682
Scheduled Maintenance - One Time Fund (0607)	702,682	-	-	-	702,682	702,682
Scheduled Maintenance - One Time Fund (0708)	103,436	-	-	-	103,436	103,436
TANF, State Share - CC	14,357	-	-	-	14,357	14,357
TANF, State Share - LPC	9,166	14,815	-	-	23,981	18,179
Foster Care, CC	16,522	106,224	-	-	122,746	122,746
Foster Care, LPC	30,867	100,282	-	-	131,149	131,149
Quick Start Allied Health Grant	210,543	-	-	-	210,543	184,674
BAY Project - CC	56,674	-	-	-	56,674	43,699
Workability III	100,950	-	-	-	100,950	100,950
Faculty & Counselor Work Experience Grant	42,000	-	-	-	42,000	18,914
Child Development Training Consortium-CC	16,875	-	-	-	16,875	16,875
Child Development Training Consortium-LPC	6,350	-	-	-	6,350	6,350
CalWORKS Work Study LPC (Alameda County)	12,500	-	-	-	12,500	12,500
CARI Pre-Training, CC (Alameda County)	-	6,300	-	-	6,300	6,300
Articulation Allocation Grant, CC	5,000	-	-	-	5,000	5,000
Articulation Allocation Grant, LPC	5,000	-	-	-	5,000	5,000
West Ed Early Intervention Grant, LPC	2,200	-	-	-	2,200	1,367
CDE Tech Prep - Subgrant Peralta Community College	40,000	10,000	17,552	-	32,448	32,448
CACFP Food Program - State	3,183	-	-	-	3,183	3,183
State Preschool/Part Day	264,170	-	-	-	264,170	264,170
State Preschool/Wrap Around	255,480	-	-	-	255,480	255,480
Tri Cities Children's Center Grant	246,107	-	-	-	246,107	246,107
State Preschool Material Grant	2,308	-	-	-	2,308	1,482
<b>Total State Programs</b>	<b>\$ 10,713,780</b>	<b>\$ 546,355</b>	<b>\$ 1,201,251</b>	<b>\$ 322</b>	<b>\$ 10,058,562</b>	<b>\$ 9,886,964</b>

See accompanying note to supplementary information.



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE  
 GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2008

CATEGORIES	Revised Reported Data *	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2007)</b>			
1. Noncredit	12	-	12
2. Credit	894	-	894
<b>B. Summer Intersession (Summer 2008-Prior to July 1, 2008)</b>			
1. Noncredit	-	-	-
2. Credit	1,134	-	1,134
<b>C. Primary Terms</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,920	-	12,920
(b) Daily Census Contact Hours	1,515	-	1,515
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	371	-	371
(b) Credit	664	-	664
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	96	-	96
(b) Daily Census Contact Hours	-	-	-
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>17,606</u>	<u>-</u>	<u>17,606</u>
<b>H. Basic Skills courses and Immigrant Education (FTES)</b>			
1. Noncredit	-	-	-
2. Credit	1,356	-	1,356
	<u>1,356</u>	<u>-</u>	<u>1,356</u>

\* October 1, 2008.

See accompanying note to supplementary information.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH FUND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Bond Interest &amp; Redemption</u>	<u>Bond Construction</u>
<b>FUND BALANCE</b>				
Balance, June 30, 2008, (CCFS-311)	\$ 13,698,240	\$ 2,921,962	\$ 12,153,141	\$ 447,291,211
Decrease in:				
Cash in county treasury	33,961	-	-	-
Increase in:				
Cash in county treasury	-	(33,723)	(257,799)	(449,716)
Balance, June 30, 2008				
Fund Financial Statement	<u>\$ 13,732,201</u>	<u>\$ 2,888,239</u>	<u>\$ 11,895,342</u>	<u>\$ 446,841,495</u>

See accompanying note to supplementary information.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEETS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

**Amounts Reported for Governmental Activities in the Statement  
of Net Assets are Different Because:**

**Total Fund Balance:**

All Governmental Funds	\$ 481,926,804	
Enterprise Funds	3,132,168	
Internal Service Funds	3,035,253	
Fiduciary Funds	<u>529,230</u>	
<b>Total Fund Balance - All District Funds</b>		<b>\$488,623,455</b>

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	230,909,512	
Accumulated depreciation is	(50,636,554)	
Less fixed assets already recorded in the enterprise funds	<u>(1,860,906)</u>	178,412,052

Expenditures relating to issuance of debt were recognized on the modified accrual basis, but should not be recognized in accrual basis. 5,286,433

In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred. (4,148,021)

Long-term liabilities at year end consist of:

Bonds payable	503,383,795	
Unamortized premium on general obligation bonds	21,788,871	
Lease revenue bonds	4,990,000	
Compensated absences	2,015,681	
Children's center loan	<u>150,000</u>	<u>(532,328,347)</u>
<b>Total Net Assets</b>		<b><u>\$135,845,572</u></b>

See accompanying note to supplementary information.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2008

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of State awards includes the State grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### Programs Passed-Through County of Alameda

Of the Federal and State expenditures presented in the schedule, the District has following programs that were passed-through County of Alameda:

<u>Contract Number</u>	<u>Amount</u>	<u>Contract Period</u>
900035-2537	\$ 12,500	3/1/08 - 6/30/08
900035-1944	\$ 8,107	9/1/07 - 6/30/08
900035-1944	\$ 2,676,152	7/1/07 - 6/30/08
C0591-08A	\$ 379,969	7/1/07 - 6/30/08

#### Schedule of Workload Measures for State General Apportionment and – Annual/Actual Attendance

Full-Time Equivalent Students (FTES) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students throughout the District.

#### Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the fund financial statements.

#### Reconciliation of the Governmental Fund Balance Sheets to the Statement of Net Assets

This schedule provides a reconciliation of the adjustments necessary to bring the District's fund financial statements, prepared on a modified accrual basis, to the accrual basis required under GASB Statement No. 35.

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*INDEPENDENT AUDITORS' REPORTS*

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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

**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  
Chabot-Las Positas Community College District  
Pleasanton, California

We have audited the financial statements of the business-type activities of the Chabot-Las Positas Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 1, 2008. We conducted our audits 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Chabot-Las Positas Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chabot-Las Positas Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Chabot-Las Positas Community College District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies 2008-1 through 2008-4 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 to 2008-4 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chabot-Las Positas Community College District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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*.

We noted certain matters that we reported to management of Chabot-Las Positas Community College District in a separate letter dated December 1, 2008.

Chabot-Las Positas Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Chabot-Las Positas Community College District's responses and, accordingly, express no opinion on it/them.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Vavinek, Trine, Day & Co LLP*

Pleasanton, California  
December 1, 2008



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Chabot-Las Positas Community College District  
Pleasanton, California

**Compliance**

We have audited the compliance of Chabot-Las Positas Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. Chabot-Las Positas Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Chabot-Las Positas Community College District's management. Our responsibility is to express an opinion on Chabot-Las Positas Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Chabot-Las Positas Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Chabot-Las Positas Community College District's compliance with those requirements.

In our opinion, Chabot-Las Positas Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2008.



## Internal Control Over Compliance

The management of Chabot-Las Positas Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Chabot-Las Positas Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chabot-Las Positas Community College District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges System's Office, and the District's Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavinek, Trine, Day & Co LLP

Pleasanton, California  
December 1, 2008



VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

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## REPORT ON STATE COMPLIANCE

Board of Trustees  
Chabot-Las Positas Community College District  
Pleasanton, California

We have audited the financial statements of the Chabot-Las Positas Community College District (the District) for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 1, 2008.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the Chancellor's Office's *California Community Colleges Contracted District Audit Manual (CDAM)*.

### General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

### Administration

Section 435: Open Enrollment

Section 437: Student Fee - Instructional Materials and Health Fees

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 421: Salaries of Classroom Instructors (50% Law)

Section 426: Students Actively Enrolled

Section 431: Gann Limit Calculation

## Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

## Facilities

Section 434: Scheduled Maintenance Program

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for findings 2008-5 through 2008-7 as described in the accompanying Schedule of State Award Findings and Questioned Costs, the Chabot-Las Positas Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

Chabot-Las Positas Community College District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Chabot-Las Positas Community College District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the Board of Trustees, Audit Committee, District Management, the California Community Colleges System's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

*Vavinek, Trine, Day & Co LLP*

Pleasanton, California  
December 1, 2008

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.032, 84.033, 84.063, 84.375	Student Financial Aid Cluster
<u>17.258, 17.259, 17.262</u>	<u>Workforce Investment Act Cluster</u>
<u>84.044, 84.047</u>	<u>TRIO Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 365,593</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Qualified</u>

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent significant deficiencies related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

### 2008-1 County Cash Clearing Account Reconciliation

**Criteria or Specific Requirement:** Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

**Condition:** The county cash reconciliation has outstanding items dating back to September 2005. The differences not reconciled as of June 30, 2008, included approximately \$355,000 for entries from September 2005 to June 2007.

**Context:** The District-wide budget encompasses approximately \$150 million in revenues and expenditures. Many of the funding sources note specific expenditure criteria that are required to be reconciled to the periodic expenditure reports to outside agencies. The majority of these expenditures flow through the county cash account.

**Effect:** In order to post and correct errors and omissions in the financial transaction reporting, frequent journal entries are required. This results in a transaction trail of evidence that is not as clear as it would otherwise be, and increases the possibility that material errors may occur and not be prevented or detected in a timely manner.

**Recommendation:** The District should continue its efforts to work with the county and analyze outstanding unreconciled items over one year old to determine whether write offs or adjustments to the District's general ledger amounts are necessary, or whether it's the County records that need to be adjusted.

**District Response** The District performs monthly cash reconciliations which are reviewed by a supervisory accountant. Delays beyond our control occur when the County is late sending us the statement needed to perform the reconciliation. Once the statement is received, the reconciliation is performed promptly. We have worked over the past year to resolve many of the old reconciling items and have gained increased cooperation with the County in getting corrections made on their end. The remaining reconciling items will be written off, as necessary.

### 2008-2 District Interfund Transactions

**Criteria or Specific Requirement:** Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

**Condition:** The District's interfund transactions for Due To/Due From were not balanced.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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**Context:** The difference between Due To and Due From were approximately \$199,400 at June 30, 2008.

**Effect:** The accuracy of the interfund balances affects the accuracy of the cash position between funds. By not reconciling the interfund balances, it is difficult to determine whether various cash balances were recorded properly.

**Recommendation:** Any Interfund transactions dated prior to 2008 should be reviewed to determine whether actual cash transfers should be made or adjusted. Consideration should be given to the feasibility of using direct receipt posting for apportionment revenue and for Associated Student Funds rather than posting to one fund and preparing interfund transfers to re-allocate to the various funds. Interfund transfers are typically only for situations that occur at year end where the county cash closing date has passed and cash cannot be transferred until the following year.

**District Response:** We have discussed this with the auditors and plan on reversing the entry in 2008-2009. We will review the use of interfund transfers to determine if there are cases where we could eliminate their use by direct receipt posting, thereby simplifying the processes.

### 2008-3 Workload Banking

**Criteria or Specific Requirement:** General best accounting practices emphasize the importance of strong internal controls. Internal controls include maintaining adequate records and audit trail to ensure workload banking is accurately stated in the District accounting records.

**Condition:** The current year changes to the workload banking schedules maintained at the Colleges were not reflected in the District general ledger accounts.

**Context:** Total workload banking balances as of June 30, 2007, that were carried from the prior year, for both Chabot and Las Positas Colleges was \$1,137,157.

**Effect:** While not material to the District financial statements as a whole, by not updating the District general ledger, the liabilities are not recorded accurately in the District financial statements.

**Recommendation:** The District should work with the Colleges to ensure that workload banking summaries are provided to the District office and that the District office updates the general ledger at least annually to record current year changes.

**District Response:** The District received workload banking schedules from the Colleges but the General Ledger was not updated to reflect the current year changes prior to the audit. In future years, the District will request the schedules and record the necessary adjustments to the GL in July.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS FOR THE YEAR ENDED JUNE 30, 2008

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### 2008-4 Accounting Records

**Criteria or Specific Requirement:** One element of a District's internal control over financial reporting is its ability to prepare financial statements from its trial balance in accordance with Generally Accepted Accounting Standards. This includes development of a system of internal control procedures that allow for accurate, timely closing of accounting records.

**Condition:** We noted that several adjustments to the District trial balance were necessary after the start of the audit. Some of these adjustments were noted by District personnel, and some were a result of our inquiries during the completion of the audit. The CCFS-311 was filed prior to the discovery of these adjustments, and therefore, these variances are included on the fund balance reconciliation page of this report.

**Context:** Four funds required adjustments totaling approximately \$775,000 after the year end close was completed. In addition, many smaller differences that were considered immaterial in relation to the financial statements as a whole, have not been reconciled or corrected.

**Effect:** Reconciliations and adjustments to the year end balances occurring after the filing of the form CCFS-311, decrease the relevance and usefulness of the form. This is due to the fact that the form, which is due in October, does not contain the final accurate year end balances of the District.

**Recommendation:** We recommend that reconciliations and adjustments be performed prior to filing of the CCFS-311, so as to reflect the most up to date, accurate amounts on the CCFS-311 form. Tasks and timelines for the processes involved in year end closing should be mapped out and consideration given to the appropriate level of resources necessary to complete these tasks in a timely manner that allows for reconciliations and adjustments to be completed at an earlier date.

**District Response:** Although year end closing was completed several months earlier than the prior two years, we agree there are improvements that can be made to improve the timeliness and efficiency of various year end adjustments, reviews, and processes. We will develop a comprehensive list of tasks and timelines and if necessary secure additional resources to assist in completing the tasks. We will also work with IT to develop improved reports for year end closing.



**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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None reported.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations.

### 2008-5 Instructional Materials Fees

**Criteria or Specific Requirements:** Per Education Code Section 76355, districts are permitted to require students to purchase instructional materials, but must demonstrate that the District supplies the materials at a cost that is no more than the district's actual cost.

**Condition:** The District provided an internally developed spreadsheet showing the costs associated with various fees, however, they were unable to provide invoices or other third party information to support the amounts on the worksheet.

**Questioned Cost:** None.

**Context:** The amounts set as instructional material fees may either be too high and exceed the allowable cap, or lower than the allowable amount, in which case District operations are subsidizing the instructional material purchases.

**Effect:** The District did not have support for the costs of the instructional material fees readily available for review.

**Cause:** During our testing of Student Fees-Instructional Materials, the district was unable to provide us with invoices or other third party information to support the District's cost of instructional materials.

**Recommendation:** The district should develop a method to easily locate source documents that were used to prepare summaries of instructional material fee costs.

**District Response:** The Colleges provided support for the instructional materials fees which were forwarded by the District to the auditors. Invoices were not readily available for the auditor's to review.

### 2008-6 Health Fees

**Criteria or Specific Requirements:** Education Code Section 76355 requires that all community college districts include information regarding exemptions from health fees, including all apprenticeship students, be contained within the student catalog, class schedule, and website.

**Condition:** Chabot College failed to describe health fee exemptions in the class catalog.

**Questioned Cost:** None.

**Context:** By not including a description of health fee exemptions in the class catalog, the District is not in compliance with requirements set by the Education Code Section 76355.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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**Effect:** Students may not be aware of the requirements for health fees and related waivers. The District is at risk of non compliance with the stated Education Code Section and requirements of the State System's Office.

**Recommendation:** The Instructional Services department should review the student catalog each year prior to publishing to ensure all required disclosures are included within the catalog.

**District Response:** This oversight has been corrected. The 2008-10 Chabot class catalog included the required health fee exemption description.

### 2008-7 CalWORKS - TANF

**Criteria or Specific Requirements:** CalWORKS Program Handbook Section V (Eligibility Determination) and requirements of the State System's Office requires certain eligibility documents to be obtained and included within student files as support for eligibility determinations.

**Condition:** The District does not have a procedure in place to document and maintain the required eligibility documentation through the County Welfare Department for each academic term the recipient was served. In addition, the eligibility of CalWORKS program is not verified at each academic term.

**Questioned Cost:** Program funding is approximately \$34,000 from state and \$72,000 from federal sources.

**Context:** 10 out of 15 CalWORKS students tested at Chabot College did not have Welfare to Work Plan in the student files.

**Effect:** The District may be at risk of providing services to individuals who are not eligible to receive the specific services from the CalWORKS and/or TANF programs.

**Recommendation:** Documentation to support the eligibility of all individuals receiving services through the CalWORKS and TANF programs should be maintained in one central program area and maintained to support that services are properly provided.

**District Response:** As of Spring 2008, Chabot has implemented an intake checklist and requests forms to ensure all required documents are received before accepting the student into the program.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

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# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of audit findings and questioned costs.

### *Financial Statement Findings*

#### 2007-1 County Cash Clearing Account Reconciliation

**Criteria or Specific Requirement:** Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

**Condition:** County cash transactions were not reconciled to the Banner Accounting software system in a timely manner. The county cash account reconciliation was not completed until February 2008, with outstanding items dating back to June 2005. The differences not reconciled as of June 30, 2007 included approximately \$595,000 for entries from June 2005 to June 2007.

**Context:** The District-wide budget encompasses approximately \$150 million in revenues and expenditures. Many of the funding sources note specific expenditure criteria that are required to be reconciled to the periodic expenditure reports to outside agencies. The majority of these expenditures flow through the county cash account.

**Effect:** In order to post and correct errors and omissions in the financial transaction reporting, frequent journal entries are required. This results in a transaction trail of evidence that is not as clear as it would otherwise be, and increases the possibility that material errors may occur and not be prevented or detected in a timely manner. Additionally, the delayed reconciliations and reviews of financial reports impacts the ability of the District to provide accurate, timely, reporting to outside agencies of the activities during the period.

**Recommendation:** The reconciliation of the general ledger to account totals and to the cash balances should be completed each month. The reconciliation should be reviewed by a supervisory accountant and maintained to support the transactions charged to the various departments, programs, and funds of the District. Additional analysis of the accurate accounts should be performed to ensure that all goods received and services rendered prior to June 30 of each year have been properly accounted for. In addition, the District should review the outstanding unreconciled items over one year old to determine whether write off is necessary.

**Current Status** Not implemented, see current year finding 2008-1.

#### 2007-2 Payroll Suspense Accounts

**Criteria or Specific Requirement:** Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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**Condition:** During our review of the District financial records, we noted there is a payroll suspense account for approximately \$231,000 that represents unreconciled payroll related accounts. Some of these accounts have not been reconciled for several years.

**Context:** District's payroll and benefits contains over \$90 million, or 63% of total District-wide expenditures. Many of the funding sources note specific expenditures criteria that are required to be reconciled to the periodic expenditure reports to outside agencies.

**Effect:** By not reconciling payroll related accounts in a timely manner, errors and/or misuse of accounts could occur and not be detected in timely manner. In addition, the delayed reconciliations and reviews of payroll accounts can impact the ability of the District to provide timely and accurate reporting to outside agencies of the activities during the period.

**Recommendation:** The District should ensure that the processing, posting, and reconciliation of payroll as well as other transactions through the general ledger system occurs in a timely manner. The detail of the payroll suspense account should be reviewed and the transaction detail should be validated through methods such as payroll exception reports designed to catch errors in entries prior to posting of the amounts to the general ledger. For example, exception reports can be used for various purposes, including but not limited to determine if retirement withholding or other liability amounts are being posted to non-existent general ledger accounts, or if student payroll is coded to a certificated salary account, etc.

**Current Status:**

Implemented.

**2007-3 District Interfund Transactions**

**Criteria or Specific Requirement:** Industry standards and general best practices emphasize recording transactions in a clear concise manner to provide for the transparency of the items being recorded. Transactions should be posted in a timely manner and reconciled periodically throughout the year.

**Condition:** During our review of the District's interfund transactions, we noted the Due To/Due From and Operating Transfer In/Out were not balanced.

**Context:** Total due from was \$6,239,628 and due to was \$5,826,356, off by \$413,272. Total operating transfer in was \$1,146,856 and transfer out was \$1,234,009, off by \$87,153.

**Effect:** The accuracy of the incorrect interfund balances affects the accuracy of the cash position between funds. By not reconciling the interfund balances, it is difficult to determine whether various cash balances were recorded properly.

**Recommendation:** Any Interfund transactions dated back prior to 2007 should be reviewed to determine whether actual cash transfers should be made or adjusted. Consideration should be given to the feasibility of using direct receipt posting for apportionment revenue and for Associated Student Funds rather than posting to one fund and preparing interfund transfers to re-allocate to the various funds. Interfund transfers are typically only for situations that occur at year end where the county cash closing date has passed and cash cannot be transferred until the following year.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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### **Current Status**

Not implemented, see current year finding 2008-2.

### **2007-4 Las Positas Co-Curriculum Bank Reconciliation**

**Criteria or Specific Requirement:** General best accounting practices emphasize the importance of strong internal controls. Internal controls include reconciliations to ensure cash balances are accurately stated.

**Condition:** Las Positas College was unable to provide bank reconciliation and bank statement to support the Co-Curriculum cash balance as of June 30, 2007.

**Context:** Las Positas College recorded a cash balance of \$698,317 in the Co-Curriculum account.

**Effect:** Internal controls over the monitoring of bank account activities are not operating effectively. By not providing bank reconciliations and bank statements, there is no method to determine whether the cash balance was recorded properly at year end.

**Recommendation:** The District should work with the College to ensure that policies and procedures address reconciling of all bank accounts in a timely manner and that these policies and procedures are adhered to by all departments of the District.

### **Current Status**

Implemented.

### **2007-5 Workload Banking**

**Criteria or Specific Requirement:** General best accounting practices emphasize the importance of strong internal controls. Internal controls include maintaining adequate records and audit trail to ensure workload banking is accurately stated.

**Condition:** Chabot College was unable to provide supporting document and explanation for the changes made to the workload banking beginning balance.

**Context:** Chabot College recorded a workload banking balance of \$759,167 as of June 30, 2007.

**Effect:** The workload banking liability is related to additional assignments duties performed by eligible faculty members. By not maintaining an adequate record to track the use and/or gain of these hours, it is difficult to determine whether the liabilities were recorded accurately in the District financial statements.

**Recommendation:** The District should work with the College to establish policy and procedures to ensure that workload banking system is monitored through the contract process and is completed in accordance with the allowable terms of what qualifies as workload banking.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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### **Current Status:**

Not implemented, see current year finding 2008-3.

### **2007-6 Bookstore Accounting**

**Criteria or Specific Requirement:** Industry standards and general best practices suggest a system of internal control over bookstore operations that will provide for both the safeguarding of District-owned assets and the proper recordkeeping of each account balance.

**Condition:** During our review of the Bookstore accounting records, we noted the accounts receivable and payable details did not agree with amounts reported in trial balance. In addition, the revolving cash, accounts receivable and payable, and due to/due from accounts contains items that are dated back several years.

**Context:** Bookstore operation accounts for approximately \$5 million in total assets including Facility Improvement and Equipment and over \$1 million in liabilities. The accounting for these assets is required by accounting principles generally accepted in the United States of America and procedures should include timely and accurately posting and reconciling of account balances throughout the year.

**Effect:** By not maintaining proper support and reconciling asset and liabilities in a timely manner, it results in a transaction trail of evidence that is not clear as it would otherwise be and increases the possibility that errors may occur and not be prevented or detected in a timely manner.

**Recommendation:** The accounting for the bookstore operation should be integrated within the normal accounting processes and calendar of the Business Office. Frequent monitoring of the bookstore transactions will enhance the ability of the District to accurately account for the assets and liabilities maintained by the bookstore. In addition, District Business Office should work with the Bookstore to review transactions for outstanding items that exceeds one year.

### **Current Status**

Implemented.

### *State Awards Findings*

### **2007-7 Non Credit Courses**

**Criteria or Specific Requirements:** Under CCR, Title 5 Sections 5002(c), 55150, and 58050, the District is required to complete the self assessment checklist for all non-credit courses in effect during 2003/04 academic year.

**Condition:** As noted in prior year, during our testing for State Compliance of non-credit Courses, we noted that as of June 30, 2007, the district had not reviewed their practices and procedures relative to the non-credit courses on an annual basis, or submitted a report on the results of the review. Additionally, non-credit self assessment checklists were not prepared. As a result, we are required to follow up with this compliance finding in fiscal year 2006-2007.



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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**Questioned Cost:** None

**Context:** During our visits to the college campuses we requested to review the self assessments performed on noncredit courses.

**Effect:** The District is not in compliance with the monitoring regulations governing the terms of non credit courses.

**Cause:** As of June 30, 2007, the campuses had not performed the self assessment checklists for non-credit courses required by regulations in effect during 2003-2004 academic year.

**Recommendation:** We recommend the District investigate the requirements and parameters of CCR, Title 5 Sections 5002(c), 55150, and 58050 and consider the need to retroactively complete the self-assessment checklists. We recommend the District retain those checklists to demonstrate the district's compliance with regulations over non credit courses.

### **Current Status**

Implemented.

### **2007-8 Instructional Materials Fees**

**Criteria or Specific Requirements:** Per Education Code Section 76355, districts are permitted to require students to purchase instructional materials, but must demonstrate that the District supplies the materials at a cost that is no more than the district's actual cost.

**Condition:** As noted in prior year, the District was unable to provide support for the amount established as the instructional material fee.

**Questioned Cost:** None.

**Context:** The amount set as instructional material fees may either be too high and exceed the allowable cap, or lower than the allowable amount, in which case District operations are subsidizing the instructional material purchases.

**Effect:** The District does not know if it is in compliance with the requirement for the upper limit on the amount established as instructional material fees.

**Cause:** During our testing of Student Fees-Instructional Materials, the district was unable to provide us with invoices that support the District's cost of instructional materials.

**Recommendation:** The district should develop a method to keep track of all costs for instructional materials and compare that cost to the fee charged to students to determine if the District has charged more than its actual costs to students.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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**Current Status:**

Not implemented, see current year finding 2008-5.

**2007-9 Health Fees**

**Criteria or Specific Requirements:** Education Code Section 76355 requires that all community college districts include information regarding exemptions from health fees, including all apprenticeship students, be contained within the student catalog, class schedule, and website.

**Condition:** Chabot College failed to describe health fee exemptions in the class catalog.

**Questioned Cost:** None.

**Context:** By not including a description of health fee exemptions in the class catalog, the District is not in compliance with requirements set by the Education Code Section 76355.

**Effect:** Students may not be aware of the requirements for health fees and related waivers. The District is at risk of non compliance with the stated Education Code Section and requirements of the State Chancellor's Office.

**Recommendation:** The Instructional Services department should review the student catalog each year prior to publishing to ensure all required disclosures are included within the catalog.

**Current Status:**

Not Implemented, see current year finding 2008-6.

**2007-10 CalWORKS - TANF**

**Criteria or Specific Requirements:** CalWORKS Program Handbook Section V (Eligibility Determination) and requirements of the State Chancellor's Office requires certain eligibility documents to be obtained and included within student files as support for eligibility determinations.

**Condition:** The District does not have a procedure in place to document and maintain the required eligibility documentation through the County Welfare Department for each academic term the recipient was served. In addition, the eligibility of CalWORKS program is not verified at each academic term.

**Questioned Cost:** Program funding is approximately \$45,000 from state and \$72,000 from federal sources.

**Context:** 14 out of 25 CalWORKS students tested at Chabot College and all 25 tested at Las Positas College did not have Welfare to Work Plan in the student files.

**Effect:** The District may be at risk of providing services to individuals who are not eligible to receive the specific services from the CalWORKS and/or TANF programs.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2008

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**Recommendation:** Documentation to support the eligibility of all individuals receiving services through the CalWORKS and TANF programs should be maintained in one central program area and maintained to support that services are properly provided.

**Current Status:**

Not Implemented, see current year finding 2008-7.

### 2007-11 Apportionment for Instructional Services Agreement (ISA)

**Criteria or Specific Requirements:** Education Code Section 84752 requires community college districts that offer ISAs to comply with following regulations in order to claim FTES for state funding:

- Program must be approved by the State Chancellor's Office and courses must be part of those approved programs or the colleges must received delegated authority to separately approve those courses,
- Courses must be open to all admitted students who meet any approved prerequisites for the courses,
- Students must be under the immediate supervision of a district employee,
- The district employee must possess valid credentials or meet the minimum qualifications required for the assignment, and
- The district and public or private agency, individual, or group of individuals with who the district has an ISA may not receive full compensation for the direct education costs for conduct of the class from any other source.

**Condition:** During our review of the ISAs for Basic Law Enforcement and Ad Hoc Specialty Law Enforcement courses, we noted the following:

- Course approval documentation was not available
- Ad Hoc classes were not published in the college catalog
- Documentation showing instructors which met the minimum qualifications was not available.

**Questioned Cost:** The program generates approximately 384 FTES valued at approximately \$1,676,000.

**Context:** Documentation was not provided to show that either of the 2 ISA programs reviewed were approved or that instructors met the minimum qualifications. The Ad Hoc class was not published in the college catalog.

**Effect:** The District may at risk of noncompliance with Education Code Section 84752 and requirements of State Chancellor's Office.

**Recommendation:** All documentation and agreements to support the ISA programs claimed for FTES state funding should be maintained on file.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2008**

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**Current Status:**

Implemented.

*ADDITIONAL SUPPLEMENTAL INFORMATION*

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET (UNAUDITED)  
JUNE 30, 2008**

	<b>General Unrestricted</b>	<b>General Restricted</b>	<b>Cafeteria</b>	<b>Child Development</b>
<b>ASSETS</b>				
Deposits and investments	\$13,962,157	\$ 2,819,435	\$ -	\$ -
Accounts receivable	10,083,634	2,027,753	309	307,357
Due from other funds	1,451,013	38,199	55,101	1,066,637
Prepaid expenses	746,078	24,941	-	-
<b>Total Assets</b>	<u>\$26,242,882</u>	<u>\$ 4,910,328</u>	<u>\$ 55,410</u>	<u>\$ 1,373,994</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Deficit cash	\$ -	\$ -	\$ 20,496	\$ 1,345,487
Accounts payable	8,400,608	512,818	-	36,547
Due to other funds	1,210,555	69,719	6,040	-
Deferred revenue	2,899,518	1,439,552	-	-
<b>Total Liabilities</b>	<u>12,510,681</u>	<u>2,022,089</u>	<u>26,536</u>	<u>1,382,034</u>
<b>FUND EQUITY</b>				
Fund Balances				
Reserved	5,795,922	-	-	-
Unreserved				
Designated	7,936,279	2,888,239	-	-
Undesignated	-	-	28,874	(8,040)
<b>Total Fund Equity</b>	<u>13,732,201</u>	<u>2,888,239</u>	<u>28,874</u>	<u>(8,040)</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$26,242,882</u>	<u>\$ 4,910,328</u>	<u>\$ 55,410</u>	<u>\$ 1,373,994</u>

<b>Bond Interest and Redemption</b>	<b>Capital Outlay Projects</b>	<b>Revenue Bond Construction</b>	<b>Special Reserve Capital</b>	<b>Total</b>
\$ 11,812,353	\$ 1,703,824	\$ 465,199,385	\$ 3,652,267	\$ 499,149,421
82,989	2,734,843	1,360,280	28,838	16,626,003
-	8,579	1,244,572	145,462	4,009,563
-	-	5,248	-	776,267
<u>\$ 11,895,342</u>	<u>\$ 4,447,246</u>	<u>\$ 467,809,485</u>	<u>\$ 3,826,567</u>	<u>\$ 520,561,254</u>

\$ -	\$ -	\$ -	\$ -	\$ 1,365,983
-	-	20,858,788	-	29,808,761
-	1,725,110	109,202	10	3,120,636
-	-	-	-	4,339,070
<u>-</u>	<u>1,725,110</u>	<u>20,967,990</u>	<u>10</u>	<u>38,634,450</u>

-	-	-	-	5,795,922
-	-	-	-	10,824,518
<u>11,895,342</u>	<u>2,722,136</u>	<u>446,841,495</u>	<u>3,826,557</u>	<u>465,306,364</u>
<u>11,895,342</u>	<u>2,722,136</u>	<u>446,841,495</u>	<u>3,826,557</u>	<u>481,926,804</u>
<u>\$ 11,895,342</u>	<u>\$ 4,447,246</u>	<u>\$ 467,809,485</u>	<u>\$ 3,826,567</u>	<u>\$ 520,561,254</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Cafeteria</u>	<u>Child Development</u>
<b>REVENUES</b>				
Federal revenues	\$ 10,112	\$ 1,739,640	\$ -	\$ 665,586
State revenues	60,852,665	9,293,576	-	772,288
Local revenues	37,548,346	2,297,287	25,880	100,521
<b>Total Revenues</b>	<u>98,411,123</u>	<u>13,330,503</u>	<u>25,880</u>	<u>1,538,395</u>
<b>EXPENDITURES</b>				
Current Expenditures				
Academic salaries	44,864,624	1,907,049	-	-
Classified salaries	20,726,001	5,023,230	34,371	1,774,332
Employee benefits	19,532,938	1,555,795	17,487	577,311
Books and supplies	2,034,191	764,049	-	119,406
Services and operating expenditures	9,965,525	1,704,529	-	23,419
Capital outlay	445,935	516,446	-	1,350
Debt service - principal	7,593	-	-	30,000
Debt service - interest and other	144	-	-	-
<b>Total Expenditures</b>	<u>97,576,951</u>	<u>11,471,098</u>	<u>51,858</u>	<u>2,525,818</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>834,172</u>	<u>1,859,405</u>	<u>(25,978)</u>	<u>(987,423)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	704,111	38,871	51,254	971,342
Operating transfers out	(1,452,944)	(1,810,297)	-	-
Other sources	25,351	-	-	-
Other uses	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(723,482)</u>	<u>(1,771,426)</u>	<u>51,254</u>	<u>971,342</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	110,690	87,979	25,276	(16,081)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	13,621,511	2,800,260	3,598	8,041
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 13,732,201</u>	<u>\$ 2,888,239</u>	<u>\$ 28,874</u>	<u>\$ (8,040)</u>



<u>Bond Interest and Redemption</u>	<u>Capital Outlay Projects</u>	<u>Revenue Bond Construction</u>	<u>Special Reserve Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,415,338
-	2,772,003	-	-	73,690,532
<u>15,457,370</u>	<u>65,732</u>	<u>23,643,970</u>	<u>151,412</u>	<u>79,290,518</u>
<u>15,457,370</u>	<u>2,837,735</u>	<u>23,643,970</u>	<u>151,412</u>	<u>155,396,388</u>
-	-	-	-	46,771,673
-	-	711,702	-	28,269,636
-	-	219,117	-	21,902,648
-	-	22,512	-	2,940,158
-	3,876	314,952	-	12,012,301
-	2,789,360	56,492,764	-	60,245,855
12,430,000	155,000	-	-	12,622,593
<u>10,187,313</u>	<u>224,328</u>	<u>-</u>	<u>-</u>	<u>10,411,785</u>
<u>22,617,313</u>	<u>3,172,564</u>	<u>57,761,047</u>	<u>-</u>	<u>195,176,649</u>
<u>(7,159,943)</u>	<u>(334,829)</u>	<u>(34,117,077)</u>	<u>151,412</u>	<u>(39,780,261)</u>
-	1,489,663	-	-	3,255,241
-	-	-	-	(3,263,241)
-	10,728	-	-	36,079
-	-	-	-	-
-	<u>1,500,391</u>	<u>-</u>	<u>-</u>	<u>28,079</u>
(7,159,943)	1,165,562	(34,117,077)	151,412	(39,752,182)
<u>19,055,285</u>	<u>1,556,574</u>	<u>480,958,572</u>	<u>3,675,145</u>	<u>521,678,986</u>
<u>\$ 11,895,342</u>	<u>\$ 2,722,136</u>	<u>\$ 446,841,495</u>	<u>\$ 3,826,557</u>	<u>\$ 481,926,804</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
BALANCE SHEET – (UNAUDITED)  
JUNE 30, 2008**

	<u>Bookstore Enterprise</u>	<u>Internal Service Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Deposits and investments	\$ 990,439	\$ 2,863,110	\$ 3,853,549
Accounts receivable	134,413	31,842	166,255
Due from other funds	642,574	376	642,950
Prepaid expenses	9,927	140,339	150,266
Stores inventories	901,925	-	901,925
Other current assets	20,026	-	20,026
Furniture and equipment (net)	1,860,906	-	1,860,906
<b>Total Assets</b>	<u>4,560,210</u>	<u>3,035,667</u>	<u>7,595,877</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 203,852	\$ 193	\$ 204,045
Due to other funds	1,184,630	221	1,184,851
Deferred revenue	39,560	-	39,560
<b>Total Liabilities</b>	<u>1,428,042</u>	<u>414</u>	<u>1,428,456</u>
<b>FUND EQUITY</b>			
Retained earnings	3,132,168	3,035,253	6,167,421
<b>Total Liabilities and Fund Equity</b>	<u>\$ 4,560,210</u>	<u>\$ 3,035,667</u>	<u>\$ 7,595,877</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

**IN RETAINED EARNINGS - (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Enterprise Bookstore</u>	<u>Internal Service Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Sales revenues	\$ 4,137,125	\$ 3,305,877	\$ 7,443,002
<b>OPERATING EXPENSES</b>			
Classified salaries	841,470	-	841,470
Employee benefits	243,004	-	243,004
Books and supplies	2,939,711	-	2,939,711
Services and other operating expenditures	347,376	3,429,428	3,776,804
<b>Total Operating Expenses</b>	<u>4,371,561</u>	<u>3,429,428</u>	<u>7,800,989</u>
<b>Operating (Loss)</b>	<u>(234,436)</u>	<u>(123,551)</u>	<u>(357,987)</u>
<b>NONOPERATING REVENUES</b>			
Interest income	13,527	94,876	108,403
<b>Total Nonoperating Revenues</b>	<u>13,527</u>	<u>94,876</u>	<u>108,403</u>
<b>NET (LOSS)</b>	(220,909)	(28,675)	(249,584)
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	<u>3,353,077</u>	<u>3,063,928</u>	<u>6,417,005</u>
<b>RETAINED EARNINGS, END OF YEAR</b>	<u>\$ 3,132,168</u>	<u>\$ 3,035,253</u>	<u>\$ 6,167,421</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS - (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Enterprise Bookstore</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from user charges	\$ 4,066,429	\$ 3,285,105
Cash received (paid) from other funds	276,798	(4,575)
Cash payments to employees for services	(1,084,474)	-
Cash payments to suppliers for goods and services	<u>(3,143,506)</u>	<u>(3,442,786)</u>
Net Cash Provided (Used) for Operating Activities	<u>115,247</u>	<u>(162,256)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Loss on capital assets disposal	3,386	-
Acquisition of capital assets	<u>(3,122)</u>	<u>-</u>
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>264</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>13,527</u>	<u>94,876</u>
Net Cash Provided from Investing Activities	<u>13,527</u>	<u>94,876</u>
Net increase/(decrease) in cash and cash equivalents	129,038	(67,380)
Cash and cash equivalents - Beginning	861,401	2,930,490
Cash and cash equivalents - Ending	<u>\$ 990,439</u>	<u>\$ 2,863,110</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating (loss)	\$ (234,436)	\$ (123,551)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation	76,269	-
Changes in assets and liabilities:		
Receivables	(110,256)	(20,772)
Due from other fund	88,529	-
Inventories	139,979	-
Other current asset	12,100	(10,372)
Accrued liabilities	(84,767)	(2,986)
Due to other fund	188,269	(4,575)
Deferred revenue	<u>39,560</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 115,247</u>	<u>\$ (162,256)</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS  
BALANCE SHEET - (UNAUDITED)  
JUNE 30, 2008

	Associated Students Trust	Student Financial Aid	Total
<b>ASSETS</b>			
Deposits and investments	\$ 1,463,156	\$ 459,546	\$ 1,922,702
Accounts receivable	18,654	233,469	252,123
Due from other funds	30,417	165,228	195,645
Prepaid expenses	300	-	300
<b>Total Assets</b>	<u>\$ 1,512,527</u>	<u>\$ 858,243</u>	<u>\$ 2,370,770</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,306	\$ 208,361	\$ 210,667
Due to other funds	158,776	110,905	269,681
Deferred revenue	-	9,747	9,747
Due to student groups	1,351,445	-	1,351,445
<b>Total Liabilities</b>	<u>1,512,527</u>	<u>329,013</u>	<u>1,841,540</u>
<b>FUND EQUITY</b>			
Fund Balances			
Unreserved			
Undesignated	-	529,230	529,230
<b>Total Fund Equity</b>	<u>-</u>	<u>529,230</u>	<u>529,230</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,512,527</u>	<u>\$ 858,243</u>	<u>\$ 2,370,770</u>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Student Financial Aid</u>
<b>REVENUES</b>	
Federal revenues	\$ 8,044,793
State revenues	1,029,044
Local revenues	<u>96,141</u>
<b>Total Revenues</b>	<u>9,169,978</u>
<b>EXPENDITURES</b>	
Current Expenditures	
Books and supplies	2,180
Services and operating expenditures	<u>9,140,505</u>
<b>Total Expenditures</b>	<u>9,142,685</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,293</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Operating transfers in	<u>8,000</u>
<b>Total Other Financing Sources (Uses)</b>	<u>8,000</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	35,293
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>493,937</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 529,230</u>

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## NOTES TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2008

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### *NOTE 1 - PURPOSE OF SCHEDULES*

#### **Fund Financial Statements**

The accompanying financial statements report the governmental, proprietary, and fiduciary fund activities of Chabot-Las Positas Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is unaudited and is presented at the request of the District management.

