CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

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INTRODUCTION

AUDIT OBJECTIVES

The financial and compliance audits of the Chabot-Las Positas Community College District had the following objectives:

To determine the fairness of presentation of the District's financial statements in accordance with accounting principles generally accepted in the United States of America.

To evaluate the adequacy of the systems and provisions affecting compliance with applicable federal and California laws and regulations, with which noncompliance would have a material effect on the District’s financial statements and allowability of program expenditures for federal and California financial assistance programs.

To evaluate the adequacy of the internal control structure sufficient to meet the requirements of auditing standards generally accepted in the United States of America for the purpose of formulating an opinion on the basic financial statements taken as a whole and sufficient to ensure compliance with federal and state regulations.

To determine whether financial and financially related reports to state and federal agencies are presented fairly.

To recommend appropriate actions to correct any noted areas where internal control compliance with applicable federal and state regulations could be improved.

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities of the Chabot-Las Positas Community College District (District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards prescribed by the California State Department of Finance. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of June 30, 2009, and the changes in financial position and cash flows for the year 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 2, 2009, 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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted 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 remaining supplementary information as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedule of State Financial Awards, which is presented for purposes of additional analysis as required by the California Community Colleges Chancellor's Office, are not a required part of the basic financial statements of the District. 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.

Nystrom & Company LLP

December 2, 2009

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, 2009. The report consists of three basic financial statements: the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows. The report 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, 2009. 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. This model prescribes that the districts need only issue consolidated statements. This reporting model does not require fund financial statements to be included with the districts' annual financial report.

FINANCIAL HIGHLIGHTS

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

<u>Financial and Enrollment Highlights</u>

- As of June 30, 2009, the District's total net assets are $130,028,257. Total net assets of the District decreased $1.8 million, or about 1.3%, under the previous year.

- The District's General Fund Unrestricted Balance at the end of the fiscal year decreased $1.3 million. However, the District continues to maintain the required 5% reserve for economic uncertainties.

- 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 and the proceeds were in the possession of the District on August 19, 2004. On November 1, 2006, the District issued the remainder of the General Obligation Bonds authorized by Measure B in the amount of $398 million.

- The District's Budget was designed to fund faculty, staff, direct program expenditures and support services to serve 17,503 full-time equivalent students for General Apportionment purposes for the 2008-09 year.

- The District's salary expenses decreased by 0.4%, while benefit expenses increased 32% primarily due to the other post employment benefit (OPEB) accrual. Additionally, we continue to see increases in medical premiums. Expenses for supplies, materials, capital outlay, student aid and other expenses and services increased 15%, primarily related to the Measure B building program.

- Cost-of-living adjustment: The State budget provided a 0% cost-of-living (COLA) adjustment for apportionments.

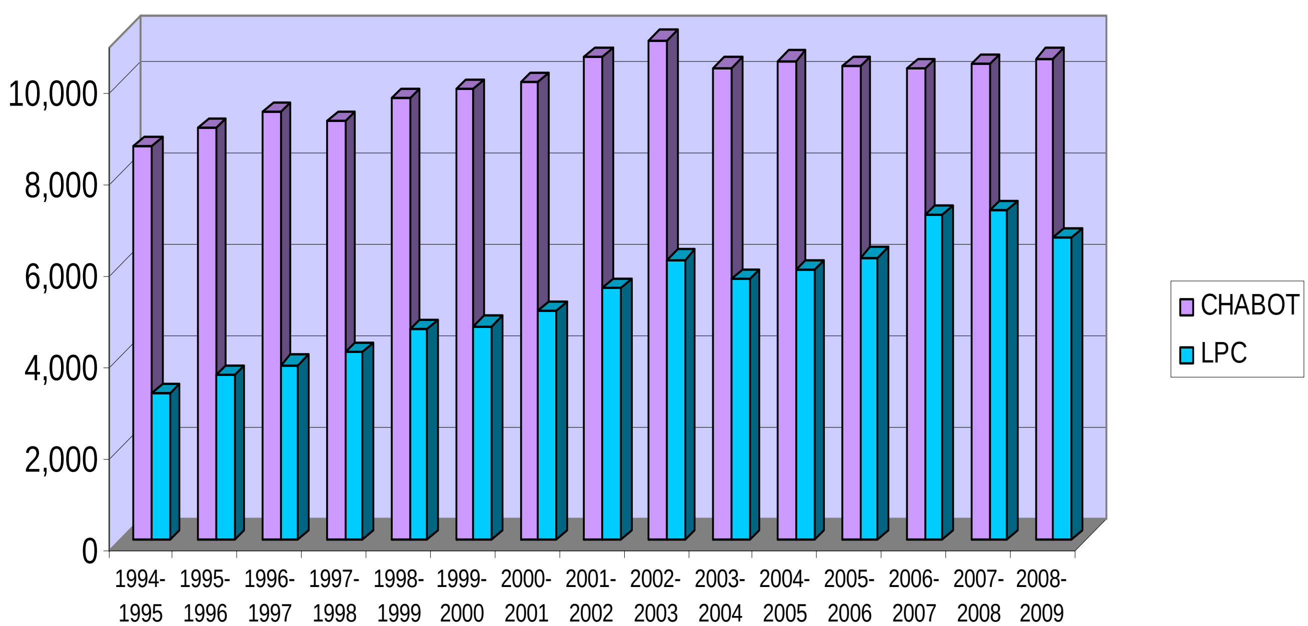
- Enrollment Fee: During the 2008-09, the enrollment fees charged remained $20 per unit.

- Factors Impacting Future Periods**:** As the California State budget continues to deteriorate, Chabot-Las Positas Community College District (CLPCCD) has responded to potential significant funding reductions from the State. CLPCCD has established expenditure controls throughout the District, increased fees from $20 to $26 per credit beginning in Fall 2009, budgeted for zero growth funds and zero Cost of Living Adjustments (COLA), and utilized federal funds provided through State Stabilization provisions of American Recovery and Reinvestment Act (ARRA). Reserves have also been maintained. In addition, the District has offered the Supplemental Employee Retirement Plan (SERP) as incentives for early retirement.

FULL-TIME EQUIVALENT STUDENT (FTES) ENROLLMENTS

YEAR	*CHABOT*	*% Growth*	*LPC*	*% Growth*	*TOTAL*	*% Growth*
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	0.7
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	(6.7)	16,033	(6.0)
2004-2005	10,477	1.4	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.1)	6,171	4.8	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	10,912	4.7	6,591	(8.3)	17,503	(0.6)

Full Time Equivalent Students (FTES) Enrollment



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 decreased $1.8 million, or about 1.3%, over the previous year. The District continues to be impacted by the suppressed economic climate in California and the reduced levels of state support.

ASSETS	2009	2008
Current Assets		
Cash and investments	$ 7,418,306	$ 13,586,613
Restricted cash and investments	20,630,801	14,105,247
Accounts receivable, net	19,134,388	16,117,515
Prepaid expenses	967,848	855,508
Inventory	797,487	901,925
Total Current Assets	48,948,830	45,566,808
Non-Current Assets		
Restricted cash and investments	365,420,508	475,867,829
Deferred charges	5,039,226	5,286,433
Nondepreciable capital assets	195,667,225	77,351,645
Depreciable capital assets, net of depreciation	99,244,421	100,836,067
Total Non-Current Assets	665,371,380	659,341,974
TOTAL ASSETS	714,320,210	704,908,782
LIABILITIES		
Current Liabilities		
Accounts payable	24,615,816	29,964,094
Interest payable	4,075,471	4,148,021
Deferred revenue	6,189,066	4,388,377
Amounts held in trust	1,012,508	1,351,445
Long-term debt, current portion	7,540,000	6,530,000
Total Current Liabilites	43,432,861	46,381,937
Non-Current Liabilities		
Long-term debt, noncurrent portion	532,125,104	524,727,275
Other long-term liabilities, noncurrent portion	8,733,988	2,015,681
Total Non-Current Liabilities	540,859,092	526,742,956
TOTAL LIABILITIES	584,291,953	573,124,893
Net Assets		
Investment in capital assets, net of debt	99,849,202	92,740,104
Restricted	24,847,008	24,896,757
Unrestricted	5,332,047	14,147,028
Total Net Assets	$ 130,028,257	$ 131,783,889
TOTAL LIABILITIES AND NET ASSETS	$ 714,320,210	$ 704,908,782

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.

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 $15.3 million, the Capital Construction fund is $2.5 million, Measure B Construction fund is $600 thousand, the Child Development fund $200 thousand and the Chabot Bookstore is $70 thousand. The student receivables due at June 30, 2009 are approximately $2.3 million.

Inventories and prepaid items respectively represent inventory for the Bookstore and prepayments for services and supplies ordered in FY 08-09 for use in FY 09-10 and the first half of principal and interest debt service payment for the District Office Lease Revenue Bond.

Restricted cash and investment of $365.4 million consists of funds related to the Measure B Bond Funds totaling $360.9 million, associated required reserves of $4.5 million, which are deposited in a debt service fund held by Alameda County. 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.

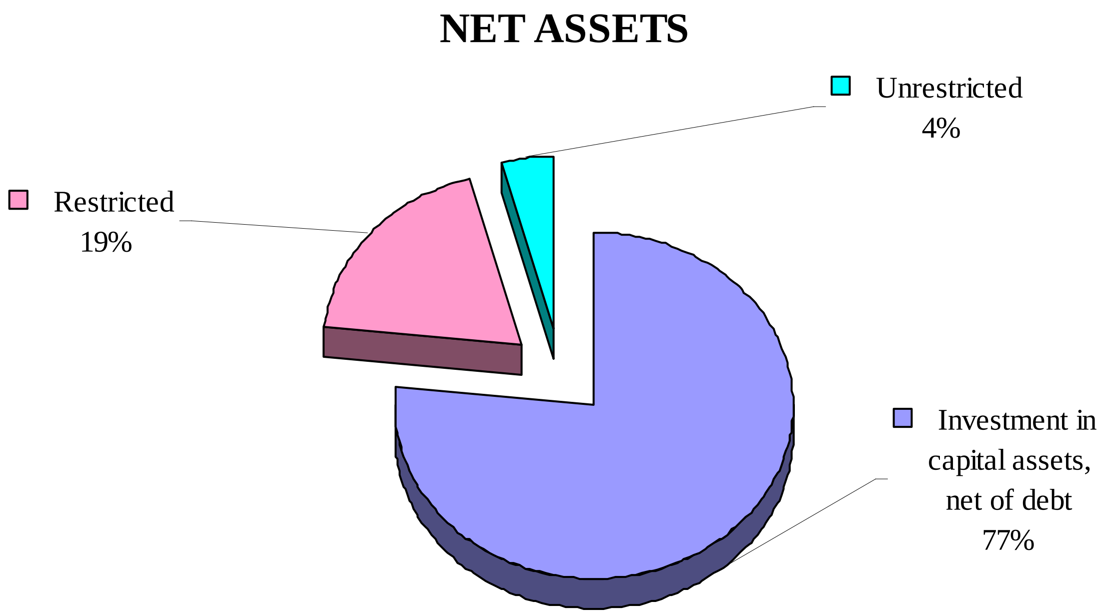
Accounts payable and accrued liabilities primarily represent year-end accruals for services and goods received by the District during fiscal year 2008-2009, for which payment would not be made until fiscal year 2009-2010. At June 30, 2009 the Measure B Bond Construction fund owed contractors and vendors $17.6 million, and the General Fund owed contractors, vendors and employees $6.6 million.

Deferred revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2008-2009, deferred revenues were $6.2 million. Of this amount, $3.4 million represents student tuition and registration fees, received during 2008-2009, for the 2009-2010 summer and fall terms. The other $2.8 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2009-2010 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 million); the remaining debt on the general obligation bonds ($534 million); the remaining debt on the lease revenue bonds payable for the purchase of the District office ($5 million), and other post employment benefit obligations ($7 million).

NET ASSETS – JUNE 30, 2009



The largest component of the District's "net assets" is the investment in capital assets (net of related debt), $99.8 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 $24.8 million, which is the District's "restricted assets". These net assets are earmarked for specific purposes, such as grant and construction projects. The remaining $5.3 million is unrestricted assets, which have been set aside for the 5% general reserve for economic uncertainties and designated reserves committed to specific purposes.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets represent 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 payer 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 come from state apportionment, and local property taxes, the financial results of the District's "operations" will result in a net operating loss.

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 $1.6 million. Another $1 million is collected in the form of parking permits. The remainder is collected from an assortment of other student fees.

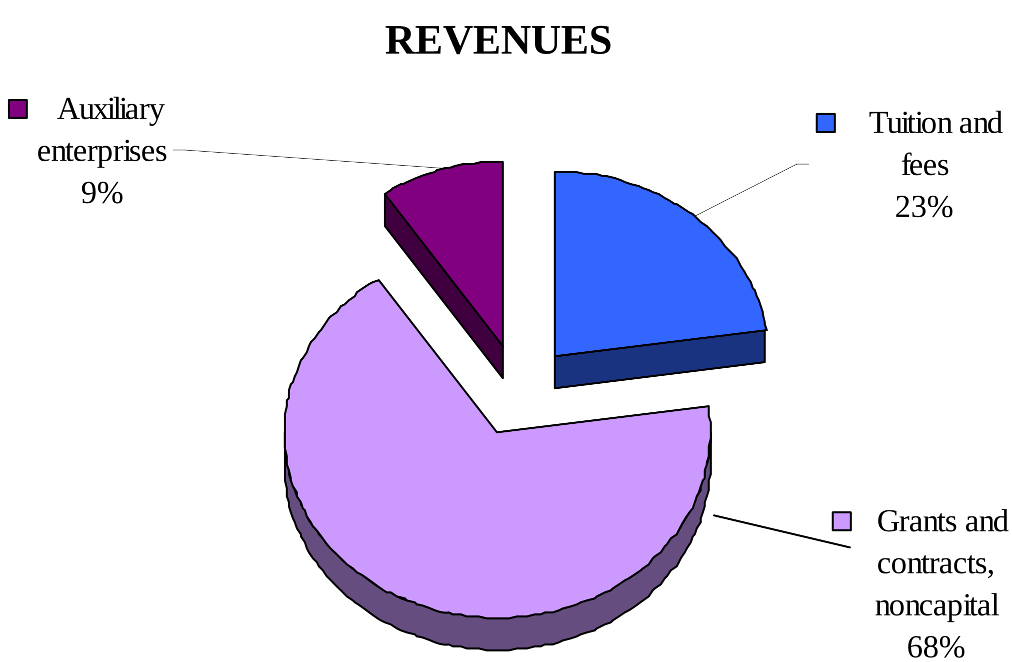
The largest component of the District's operating revenues is non-capital grants and contracts. Of these, the largest sub-components are from funding received from the Federal grants ($13.7 million) to include funding for vocational training and higher education programs and State grants ($10.7 million) for categorical programs, such as DSPS, EOPS, and Matriculation, to name a few. Included in local grants and contracts ($4.5 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 accounting for $4 million dollars.

The principal components of the District's non-operating revenue are: non-capital state apportionment, local property taxes, 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, 2009

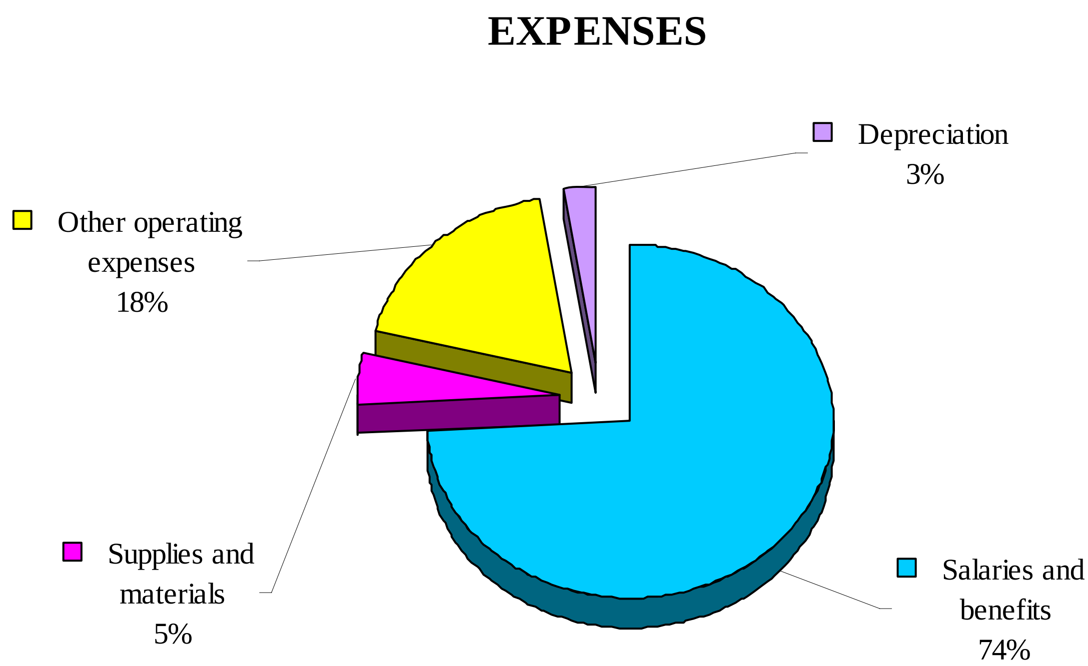


Statement of Revenues, Expenses and Changes in Net Assets

	2009	2008
OPERATING REVENUES		
Tuition and fees	$ 9,728,686	$ 9,154,117
Grants and contracts, noncapital		
Federal	13,659,313	10,460,131
State	10,715,958	11,510,569
Local	4,472,019	3,985,181
Auxiliary enterprises	3,990,768	4,092,263
Total operating revenues	42,566,744	39,202,261
OPERATING EXPENSES		
Academic salaries	46,691,853	47,017,969
Classified salaries	29,099,223	29,111,106
Employee benefits	31,402,802	23,749,148
Supplies and materials	6,862,014	4,345,976
Other operating expenses	26,650,873	24,873,761
Depreciation	3,652,401	5,977,773
Total operating expenses	144,359,166	135,075,733
Operating loss	(101,792,422)	(95,873,472)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	58,401,802	58,210,171
Local property taxes	41,563,692	38,885,235
State taxes and other revenue	2,254,069	2,226,833
Investment income	18,577,583	24,821,632
Interest expense	(25,174,877)	(25,224,551)
Loss on disposal of assets	(368,398)	-
Other non-operating revenues	4,438,167	4,346,020
Total non-operating revenues	99,692,038	103,265,340
Income before other revenues, expenses, gains or losses	(2,100,384)	7,391,868
State apportionments, capital	344,752	2,772,003
Increase/decrease in net assets	(1,755,632)	10,163,871
Net assets - beginning of year	131,783,889	121,620,018
Net Assets - end of year	$ 130,028,257	$ 131,783,889

The largest component of the District's operating expense is the cost associated with salaries and benefits. Approximately 74% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 23% of total expenses and depreciation accounts 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.

OPERATING EXPENSES – JUNE 30, 2009



OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

Operating Expenses by Function	2009	2008
Instructional activities	$ 57,559,779	$ 57,603,601
Academic support	9,966,346	8,683,188
Student services	14,924,895	12,992,531
Operation and maintenance of plant	9,410,138	8,938,125
Institutional support	17,230,142	17,194,110
Community services and economic development	1,444,964	1,393,181
Ancillary services, auxiliary services	13,205,435	12,910,470
Student aid	12,454,049	9,552,057
Physical property/Accounting Adjustment	8,163,418	5,808,470
Total Operating Expenses by Function	$ 144,359,166	$ 135,075,733

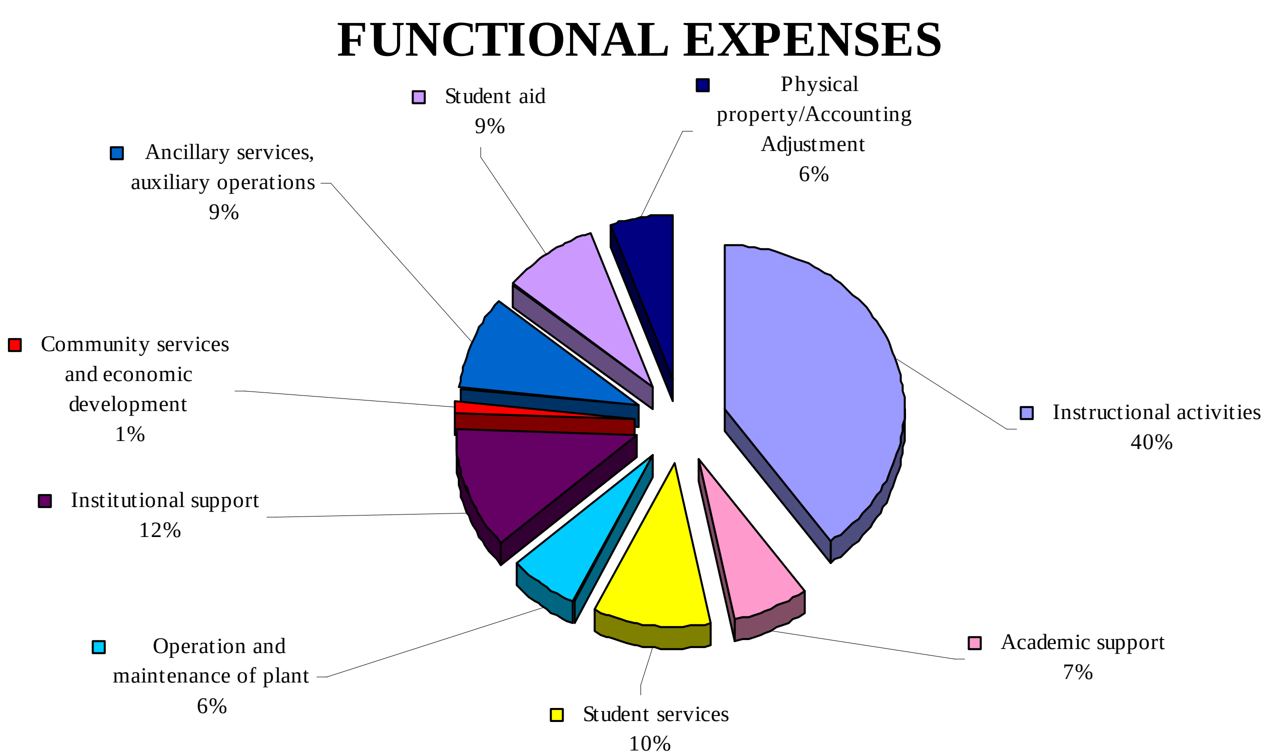
The Functional Expense chart incorporates all District funds appropriations for fiscal year 2008-2009. The largest expense in 2008-09 was in the area of instruction at 40%. Institutional support totaled 12% and student services was 10%.

The Student Services expense of 10% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include, Matriculation, Disabled Student Services Program (DSPS), 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 of 9% encompasses the bookstore operation, the childcare center, contract education department, food service operation, parking operation, and student and co-curricular 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, depreciation and accounting adjustments of 6% consist of a number of building improvements and alterations that took place throughout the District.

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION – 2009



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 Assets.

Cash provided by (used in)	2009	2008
Operating activites	$ (90,195,101)	$ (95,456,945)
Non-capital financing activities	84,563,824	85,304,461
Capital and related financing activities	(123,907,220)	(63,875,102)
Investing activities	221,703,144	25,520,489
Net increase (decrease) in cash	92,164,647	(48,507,097)
Cash - beginning of year	78,471,666	126,978,763
Cash - end of year	$ 170,636,313	$ 78,471,666

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the District had a net $294.9 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 $116.7 million, or 65.5 percent, from last year. We present more detailed information regarding our capital assets in Note 4 of the financial statements.

Long-Term Debt

At June 30, 2009, the District had $539.7 million in debt outstanding versus $531.3 million last year, a slight increase, due to the current year accreted interest for the General Obligation Bonds. Other obligations include lease revenue bonds, children's center loan, compensated absences payable, other post employment benefit obligations (OPEB) 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's economic strength is directly affected by the economic well being of California. As the State's economy has been weak and intermittent, the impact of continuing restricted state resources to the District has limited its ability to provide access to educational services demanded by potential students. We anticipate continued restrictions in state funding as the state deals with its budget deficit and the weak economic recovery. These conditions will limit the ability of the District to meet the growing demands of its student population.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, 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 byesnosky@clpccd.org.

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2009

ASSETS	
Current assets:	
Cash and investments	$ 7,418,306
Restricted cash and investments	20,630,801
Accounts receivable, net	19,134,388
Prepaid expenses	967,848
Inventory	797,487
Total current assets	48,948,830
Noncurrent assets:	
Restricted cash and investments	365,420,508
Deferred charges, net	5,039,226
Nondepreciable capital assets	195,667,225
Depreciable capital assets, net of depreciation	99,244,421
Total noncurrent assets	665,371,380
Total assets	$ 714,320,210
LIABILITIES	
Current liabilities:	
Accounts payable	$ 24,615,816
Interest payable	4,075,471
Deferred revenue	6,189,066
Amounts held in trust custody on behalf of others	1,012,508
Long-term debt, current portion	7,540,000
Total current liabilities	43,432,861
Noncurrent liabilities:	
Long-term debt, noncurrent portion	532,125,104
Other long-term liabilities, noncurrent portion	8,733,988
Total noncurrent liabilities	540,859,092
Total liabilities	584,291,953
NET ASSETS	
Investments in capital assets, net of related debt	99,849,202
Restricted	24,847,008
Unrestricted	5,332,047
Total net assets	130,028,257
Total liabilities and net assets	$ 714,320,210

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2009

OPERATING REVENUES	
Tuition and fees	$ 12,610,834
Less: scholarship discount and allowance	2,882,148
Net tuition and fees	9,728,686
Grants and contracts, non-capital:	
Federal	13,659,313
State	10,715,958
Local	4,472,019
Auxiliary enterprise sales and charges	3,990,768
Total operating revenues	42,566,744
OPERATING EXPENSES	
Academic salaries	46,691,853
Classified salaries	29,099,223
Employee benefits	31,402,802
Supplies and materials	6,862,014
Other operating expenses	26,650,873
Depreciation	3,652,401
Total operating expenses	144,359,166
OPERATING LOSS	(101,792,422)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, non-capital	58,401,802
Local property taxes, non-capital	24,245,738
State taxes and other revenues	2,254,069
Investment income	18,577,583
Interest expense	(25,174,877)
Loss on disposal of capital assets	(368,398)
Other non-operating revenues	4,438,167
Total non-operating revenues (expenses)	82,374,084

(Continued on following page)

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2009

LOSS BEFORE OTHER REVENUES AND EXPENSES	(19,418,338)
Gifts and grants, capital	344,752
Local property taxes, capital	17,317,954
CHANGE IN NET ASSETS	(1,755,632)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	135,845,572
PRIOR PERIOD ADJUSTMENT	(4,061,683)
NET ASSETS, BEGINNING OF YEAR, RESTATED	131,783,889
NET ASSETS, END OF YEAR	$ 130,028,257

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$ 9,895,998
Federal grants and contracts	13,568,150
State grants and contracts	11,370,498
Local grants and contracts	4,777,053
Payments to vendors for supplies and services	(22,794,267)
Payments to or on behalf of employees	(98,835,587)
Payments to students for scholarships and grants	(11,979,082)
Auxiliary enterprise sales and charges	3,990,768
Other operating receipts (payments)	(188,632)
Net cash used by operating activities	(90,195,101)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State apportionments	52,583,833
Local property taxes	26,551,854
State taxes and other apportionments	2,465,044
Other nonoperating	2,963,093
Net cash provided by non-capital financing activities	84,563,824
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(125,016,975)
Proceeds from disposal of capital assets	11,614
State revenue, capital projects	372,578
Local property taxes	17,317,954
Principal paid on capital debt	(6,530,000)
Interest paid on capital debt	(10,062,391)
Net cash used by capital and related financing activities	(123,907,220)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received from investments	19,448,423
Purchase of investments	(287,343)
Proceeds from liquidation of investments	202,542,064
Net cash provided by investing activities	221,703,144
NET CHANGE IN CASH AND CASH EQUIVALENTS	92,164,647
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	78,471,666
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 170,636,313

(Continued on following page)

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2009

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	$ (101,792,422)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	3,652,401
On behalf payments	1,475,074
(Increase) decrease in:	
Accounts receivable, net	(586,835)
Prepaid expenses	(112,340)
Inventory	104,438
Increase (decrease) in:	
Accounts payable	(1,087,650)
Deferred revenue	1,772,863
Other postemployment benefit liability	6,747,956
Compensated absences	(29,649)
Amounts held in trust custody on behalf of others	(338,937)
Net cash used by operating activities	$ (90,195,101)
COMPONENTS OF CASH AND CASH EQUIVALENTS:	
Cash in banks	$ 7,257,777
County cash, cash equivalents	163,378,536
Total cash and cash equivalents	$ 170,636,313

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Chabot-Las Positas Community College District (District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services in Alameda County and the surrounding area in the State of California. The District consists of two community colleges located within Alameda County.

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.

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 of 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.

BASIS OF PRESENTATION AND ACCOUNTING

The financial statement presentation required by GASB Statements No. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District's financial activities.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION AND ACCOUNTING (Continued)

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement No. 20.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

> In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year-end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted.

The financial accounts of the District are recorded and maintained in accordance with the *California Community Colleges Budget and Accounting Manual*.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the county treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

All other investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of revenues, expenses, and changes in net assets.

RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual* (BAM).

ACCOUNTS RECEIVABLE

Accounts receivable 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. Accounts receivable also include amounts due from the federal government, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for uncollectible accounts is calculated by applying certain percentages to each aging group. These percentages range from 5% to 40% depending on the age of the outstanding receivables. The allowance was estimated at $592,000 for the year ended June 30, 2009.

PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORY

Inventory consists primarily of bookstore merchandise including, but not limited to, books, instructional materials and sundry items held for resale to students and staff of the District. Inventory is valued at cost utilizing the weighted average method. Management has determined the likelihood of cost exceeding market to be low.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of $5,000 or more and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 25 to 50 years for buildings, 25 to 50 years for site improvements, and 3 to 8 years for furniture and equipment.

DEFERRED REVENUE

Deferred revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Deferred revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

AMOUNTS HELD IN TRUST CUSTODY ON BEHALF OF OTHERS

Amounts held for others represents funds held by the District for the associated students trust fund, student representation fee trust fund and other trust funds.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year-end as other long-term liabilities of the District.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

The District also participates in and accrues "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The District recognizes this amount as a component of accounts payable.

LONG-TERM LIABILITIES

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method. Amortization of issuance costs was $247,207 for the year ended June 30, 2009.

NET ASSETS

Net assets represent the difference between assets and liabilities. The District's net assets are classified as follows:

- *Invested in capital assets, net of related debt* – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component invested in capital assets, net of related debt.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET ASSETS (Continued)

- *Restricted net assets-expendable* – Restricted expendable net assets represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties or when the fund from which they are derived is restricted in purpose per the BAM.

- *Unrestricted net assets* – Unrestricted net assets represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

CLASSIFICATION OF REVENUES

The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, local property taxes, and investment income. Revenues are classified according to the following criteria:

- 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, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

- Non-operating revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations and investment income.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as operating revenues (Grants) and other operating expenses in the District's financial statements.

STATE APPORTIONMENTS

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Any prior year corrections due to the recalculation in February will be recorded in the year computed by the State.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes for the District.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGET AND BUDGETARY ACCOUNTING

By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

ON-BEHALF PAYMENTS

GASB Statement 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all Community College Districts in California. These payments are included in employee benefits expense and other non-operating revenues.

CHANGES IN ACCOUNTING PRINCIPLES – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* This Statement requires 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 in the entity-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expenses and related liabilities, note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local government employers.

(Continued on following page)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CHANGES IN ACCOUNTING PRINCIPLES – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

This Statement provided for prospective implementation – that is that employers set the beginning OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provision of the Statement for the fiscal year ended June 30, 2009.

CHANGE IN ACCOUNTING PRINCIPLES – CAPITALIZATION THRESHHOLD FOR EQUIPMENT INCREASED

Effective July 1, 2008, the District adjusted their threshold for capitalizing furniture and equipment from $1,000 to $5,000. The change was made to rebalance the goals of (1) ensuring that all material capital assets, collectively, are capitalized and (2) minimizing the cost of record keeping for capital assets.

The District retrospectively implemented this change – that is furniture and equipment (and related accumulated depreciation) included in depreciable capital assets at June 30, 2008 that was under $5,000 was removed and net assets were restated.

CHANGE IN ACCOUNTING PRINCIPLES – AMORTIZATION METHOD USED TO AMORTIZE BOND PREMIUMS AND DISCOUNTS

Effective July 1, 2008, the District changed their method of amortizing premiums and discounts on bonds from the straight-line method to the effective interest method. The straight-line method was materially equivalent to the effective interest method, however, District management changed to the effective interest method to comply with generally accepted accounting principles.

The District retrospectively implemented this change – that is general obligation bonds payable at June 30, 2008 were adjusted to revised balances as though premiums and discounts had been amortized using the effective interest method during the entire period the bonds were outstanding.

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2009, are displayed on the statement of net assets as follows:

Current:	
Cash and investments	$ 7,418,306
Restricted cash and investments	20,630,801
Noncurrent:	
Restricted cash and investments	365,420,508
Total cash and investments	$ 393,469,615

Cash – At June 30, 2009, the carrying amount of the District's cash is summarized as follows:

Cash in County Treasury	$ 163,378,536
Cash on hand and in banks	7,257,777
Total deposits	$ 170,636,313

As provided for by *Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Alameda County Treasurer for the purpose of increasing interest earned through County investment activities.

Copies of the County's audited financial statements can be obtained from the Alameda County Auditor-Controller's Office, 1221 Oak Street, Room 249, Oakland, California 94612.

The pooled treasury has regulatory oversight from the Alameda County Treasury Oversight Committee in accordance with *California Government Code* requirements.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, approximately $900,000 of the District bank balances at June 30, 2009 are insured.

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

Investments – The District's investment policy is consistent with *California Government Code* as it relates to investment vehicles. The District's investment policy authorizes it to invest in the following:

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.

As of June 30, 2009, the District's investments are as follows:

Notes, mortgages and contracts	$ 435,239
U.S. Agencies	702,248
Repurchase agreements	221,695,815
Total investments	$ 222,833,302

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

Risk Information – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. *California Government Code* Section 53601 limits the District's investments to maturities of five years.

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:

Investment Type	Weighted Average Maturity In Years
Notes, mortgages and contracts	N/A
U.S. Agencies	N/A
Repurchase Agreements	2.57
County Pool	0.83

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The District's investment policy addresses credit risk by limiting its investment types as noted above to investments authorized by *California Government Code*.

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	Minimum Legal Rating	Rating at Year End (Unrated)
Notes, mortgages and contracts	None	N/A
U.S. Agencies	None	N/A
Repurchase agreements	AA	AAA
County Pool	None	N/A

(Continued on following page)

NOTE 2 CASH AND INVESTMENTS
(Continued)

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District's investment policy allows investments in single issuer greater than 5%. At June 30, 2009, the District held a repurchase agreement issued by Citigroup Global Markets, Inc. This investment exceeded 5% of the District's total investments at that date.

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. The District does not have a policy for custodial credit risk.

For cash, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an entity's total deposits.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009, consist of the following:

Tuition and fees	$ 2,852,722
Less allowance for doubtful accounts	592,000
Tuition and fees, net	2,260,722
Federal grants and contracts	880,551
State grants and contracts	717,195
Local grants and contracts	1,936,623
State apportionment	9,141,484
State lottery	854,572
State taxes and other revenues	2,464,618
Interest	756,183
Other	122,440
Total	$ 19,134,388

(Continued on following page)

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable capital assets:					
Land	$ 6,200,979	$ -	$ -	$ -	$ 6,200,979
Construction in progress	71,150,666	118,468,563	-	(152,983)	189,466,246
Total nondepreciable capital assets	$ 77,351,645	$ 118,468,563	$ -	$ (152,983)	$ 195,667,225
Depreciable capital assets:					
Site improvements	$ 2,945,768	$ 11,484	$ -	$ 152,983	$ 3,110,235
Buildings and improvements	125,272,985	1,228,863	-	-	126,501,848
Furniture and equipment	14,091,505	1,047,437	(5,588,911)	-	9,550,031
	142,310,258	2,287,784	(5,588,911)	152,983	139,162,114
Less accumulated depreciation:					
Site improvements	399,979	325,364	-	-	725,343
Buildings and improvements	30,940,875	2,238,529	-	-	33,179,404
Furniture and equipment	10,133,337	1,088,508	(5,208,899)	-	6,012,946
	41,474,191	3,652,401	(5,208,899)	-	39,917,693
Total depreciable capital assets, net	$ 100,836,067	$ (1,364,617)	$ (380,012)	$ 152,983	$ 99,244,421

NOTE 5 ACCOUNTS PAYABLE

Accounts payable at June 30, 2009, consist of the following:

Accrued payroll and related liabilities	$ 3,542,549
Construction payables	17,629,988
Other vendors	3,443,279
Total	$ 24,615,816

(Continued on following page)

NOTE 6 DEFERRED REVENUE

Deferred revenue at June 30, 2009, consist of the following:

Tuition and fees	$ 3,393,976
State grants and contracts	1,800,254
Local grants and contracts	776,982
State revenues, capital	217,854
Total	$ 6,189,066

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2009:

	Beginning Balance	Amortization/ Additions	Reductions	Ending Balance
Long-term Debt:				
Revenue bonds	$ 4,990,000	$ -	$ 160,000	$ 4,830,000
General obligation bonds	526,117,275	14,937,829	6,340,000	534,715,104
Notes payable	150,000	-	30,000	120,000
Total	$ 531,257,275	$ 14,937,829	$ 6,530,000	$ 539,665,104
Other Long-term Liabilities:				
Compensated absences	$ 2,015,681	$ -	$ 29,649	$ 1,986,032
Other postemployment benefit obligation	-	6,747,956	-	6,747,956
Total	$ 2,015,681	$ 6,747,956	$ 29,649	$ 8,733,988

Long-term debt consists of the following individual debt issues at June 30, 2009.

Revenue Bonds

2002 Lease Revenue Bonds Series A, issued by California Community College Financing Authority. The District participated in this financing in the original amount of $5,735,000. Final maturity 2028. Interest rate 4.5% to 6.0%.	$ 4,830,000
Total revenue bonds	4,830,000

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES (Continued)

General Obligation Bonds

2004 General Obligation Bonds Series A, issued in the original amount of $100,000,000 less $90,000,000 refunded through bond issuance in 2006. Final maturity 2012. Interest rates 3.5% to 5.0%.	1,620,000
2006 General Obligation Refunding Bonds, issued in the original amount of $89,275,850 including current interest bonds and capital appreciation bonds. Final maturity 2022. Stated interest rates from 3.5% to 5.0%, effective rate based on issuance premium 4.14%.	98,360,000
Capital appreciation bond discount net of issuance premium	(3,778,930)
Total 2006 General Obligation Refunding Bonds	94,581,070
2006 General Obligation Bonds Series B, issued in the original amount of $229,159,710, including current interest bonds and capital appreciation bonds. Final maturity 2032. Stated interest rates from 3.6% to 5.0%, effective rate based on issuance premium 4.65%.	322,710,000
Capital appreciation bond discount net of issuance premium	(80,299,245)
Total 2006 General Obligation Bonds Series B	242,410,755
2006 General Obligation Bonds Series C, issued in the original amount of $168,838,667 of capital appreciation bonds. Final maturity 2032. Stated interest rates from 4.09% to 5.10%, effective rate based on issuance premium 5.04%.	849,250,000
Capital appreciation bond discount net of issuance premium	(653,146,721)
Total 2006 General Obligation Bonds Series C	196,103,279
Total general obligation bonds	534,715,104

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES
(Continued)

Notes Payable

The District has two notes payable to the Office of California Department of Education, payable in annual installments of $30,000, no interest.	120,000
Total long-term debt	539,665,104
Less current portion	7,540,000
Total long-term debt, noncurrent portion	$ 532,125,104

The annual debt service requirements to maturity on the long-term debt issues are as follows:

Lease Revenue Bonds

Year Ended June 30,	Principal	Interest	Total
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	195,000	196,200	391,200
2015 – 2019	1,110,000	836,600	1,946,600
2020 – 2024	1,420,000	527,390	1,947,390
2025 – 2029	1,410,000	145,500	1,555,500
Total	$ 4,830,000	$ 2,567,778	$ 7,397,778

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES
(Continued)

General Obligation Bonds

Year Ended June 30,	Principal	Interest	Net Discount	Total
2010	$ 7,345,000	$ 9,601,475	$ (15,626,876)	$ 1,319,599
2011	8,270,000	9,331,400	(16,334,161)	1,267,239
2012	9,250,000	9,023,462	(17,117,377)	1,156,085
2013	10,305,000	8,791,925	(17,638,741)	1,458,184
2014	11,190,000	8,726,925	(18,036,043)	1,880,882
2015 – 2019	68,595,000	42,877,562	(96,544,228)	14,928,334
2020 – 2024	99,705,000	35,242,750	(110,736,133)	24,211,617
2025 – 2029	131,165,000	33,240,250	(113,899,011)	50,506,239
2030 – 2034	188,390,000	10,732,000	(132,604,349)	66,517,651
2035 – 2039	241,150,000	-	(115,693,145)	125,456,855
2040 – 2044	292,260,000	-	(72,106,864)	220,153,136
2045 – 2047	204,315,000	-	(10,887,968)	193,427,032
Total	$ 1,271,940,000	$ 167,567,749	$ (737,224,896)	702,282,853
Less interest				167,567,749
Net principal				$ 534,715,104

Notes Payable

Year Ended June 30,	Amount
2010	$ 30,000
2011	30,000
2012	30,000
2013	30,000
Total	$ 120,000

(Continued on following page)

NOTE 7 LONG-TERM LIABILITIES
(Continued)

Defeasance of Debt Obligation

In 2006, the District defeased $90,000,000 of the 2004 Series A general obligation bonds by placing new bond proceeds in an irrevocable trust to provide for future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2009, $79,950,000 of defeased bonds are still outstanding.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* during the year ended June 30, 2009. The District's actuarially determined annual required contributions for the year ended June 30, 2009, was $10,613,959, and contributions made by the District during the year were $3,866,003, which resulted in a net OPEB obligation of $6,747,956. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

NOTE 8 PENSION PLANS

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

A. Plan Descriptions and Provisions

1. *State Teachers' Retirement System (STRS)*

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more in a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

A. Plan Descriptions and Provisions (Continued)

1. *State Teachers' Retirement System (STRS)* (Continued)

January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the 2 percent factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied.

Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable.

The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

A. Plan Descriptions and Provisions (Continued)

2. *California Pubic Employees' Retirement System (CalPERS)*

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that acts 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 within 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. Upon separation from CalPERS, 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.

B. Funding Policy

STRS: Active plan members are required to contribute 8.0% of their gross salary 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 STRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal year ended June 30, 2009 was 8.25% of annual payroll for regular employees and 8.827% of annual payroll for reduced workload employees. The contribution requirements of the plan members are established by State statutes.

(Continued on following page)

NOTE 8 PENSION PLANS
(Continued)

B. Funding Policy (Continued)

CalPERS: Active plan members are required to contribute 7.0% of their salary (7.0% 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 required employer contribution rate for the fiscal year ended June 30, 2009 was 9.306% of annual payroll. The contribution requirements of the plan members are established by State statutes.

The District's required contributions for the last three years are as follows:

	Year Ended June 30,		
	2007	2008	2009
STRS	$ 2,694,125	$ 2,936,235	$ 3,014,980
PERS	1,999,138	2,317,375	2,450,157
Total	$ 4,693,263	$ 5,253,610	$ 5,465,137

All contributions were made in accordance with actuarially determined requirements and equal 100% of the required contribution for each year.

The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 4.517% of covered members’ gross salaries. The contribution for the years ending June 30, 2009, 2008 and 2007 are estimated to have been $1,475,074, $1,603,496 and $1,470,968, respectively. The payment amounts have been reflected in the basic financial statements as a component of employee benefits expense and other non-operating revenues.

A State of California contribution on behalf of the District to CalPERS was not required for the years ended June 30, 2009, 2008 and 2007.

(Continued on following page)

NOTE 9 STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

NOTE 10 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 ended June 30, 2009, 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 2008-2009, 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.

(Continued on following page)

NOTE 11 POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

A. Plan Description

The Chabot-Las Positas Community College District Health Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. 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 offers subsidized health insurance benefits to all employees who retire from the District and meet the age and service 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. Membership of the Plan consists of 322 retirees currently receiving benefits and 703 eligible active plan members.

B. Funding Policy

The contribution requirements are established and may be amended by the District and the District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. For the year ended June 30, 2009, the District contributed $3,866,003 to the Plan, all of which was used for current claims costs.

(Continued on following page)

NOTE 11 POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION
(Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan.

Annual required contribution	$ 10,613,959
Contributions made	(3,866,003)
Increase in net OPEB obligation	6,747,956
Net OPEB obligation, beginning of the year	-
Net OPEB obligation, end of year	$ 6,747,956

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2009 is as follows (since this is the first year of implementation, only the current year information is presented):

Annual OPEB cost	$ 10,613,959
Percentage of annual OPEB costs contributed	36%
Net OPEB obligation	$ 6,747,956

D. Funded Status Information

The District's funding status information is illustrated as follows:

Actuarial valuation date	February 1, 2009
Actuarial accrued liability (AAL)	$118,122,460
Actuarial value of plan assets	$ -
Unfunded AAL (UAAL)	$118,122,460
Funded ratio	0.0%

(Continued on following page)

NOTE 11 POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION
(Continued)

D. Funded Status Information (Continued)

As of June 30, 2009, the District has not set aside any amounts in an external trust fund.

E. Actuarial Methods and Assumptions

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2009 actuarial valuation, the entry-age normal cost method was used. The actuarial assumptions included a 5.0% discount rate based on the assumption that a substantial portion of the ARC is funded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

(Continued on following page)

NOTE 12 COMMITMENTS

As of June 30, 2009, the District had the following commitments with respect to unfinished capital projects:

District-wide:	
Information Technology & Tech Upgrades (B, N, R)	$ 51,161
Classroom, Lab Equipment, Chabot College (N)	47,798
Classroom, Lab Equipment, Las Positas College (R)	351,500
On-Going Maint & Repairs: Roofs, HVAC (A, B, C, E)	33,369
Program Level Services, District (A, B, C, D, E)	106,115
Dublin Education Center (E)	9,224
Union City Education Center (E)	17,703
Site Improvements (E, F, O)	108,992
District-wide Totals	725,862
Chabot College:	
Administration Building - 200 (E, K, N, Y)	13,091
Classroom Buildings 300, 500 (E, F)	2,766,553
Instructional Office Building 700 (H)	5,197,161
Classroom Buildings 800, 900, 1000 (E, F)	234,889
Buildings - 1200, 1300, PAC Plaza (E, F, N)	590,000
Industrial Technology Building - 1400 (E, F)	173,655
Engineering Building - 1600 (F)	1,000
Science Lecture Hall / Planetarium (F)	2,050,283
Health Science Building - 2200 (E, F)	1,899,367
Community and Student Services Center (E, F, I)	13,412,055
Physical Education Complex Buildings (F)	1,244,872
Athletic Fields / Tennis Courts (E, F)	69,691
Temporary Faculty Offices (F)	141,655
Classroom/Lab Equipment & Library Materials (F)	36,105
CC Project & Construction Management (Y)	1,479,843
Central Plant (Mech Conv Def Bldgs/IT Infrastructure) (B, K)	1,647,722
Parking Lots A & B and G & H (F)	239,873
Swimming Pool (E, F)	7,327
Miscellaneous Site Work / Campus Security (F)	18,012
Photo Voltaic Project (K)	285,437
Chabot College Totals	31,508,591

(Continued on following page)

NOTE 12 COMMITMENTS
(Continued)

Las Positas College:	
Multi-Disciplinary Education Building (E, O, S)	276,188
Multi-Disciplinary Education Building - Repairs (E, O, S)	1,161,982
Child Development Center (E, O, S)	9,916,641
College Center for Arts (E, O)	18,643,044
Science & Technology (E, Q, S, T)	797,500
PE Complex (Gym) - Repairs (E, O)	603,352
Student Services & Central Administration (O, P, U, X)	2,910,000
Renovations (O, E)	23,198
Maintenance and Operations Facility (E, O)	627,152
LPC Instructional Equipment (O)	34,133
Central Utility Plant (O, V)	4,077,596
District-wide Information Technology Building (E, O, W)	3,016,327
LPC Program & Construction Management (Y)	1,508,279
Campus Entry Enhancements (P, X)	10,429
Campus Boulevard Phases I-III (P, X)	69,284
PE Phase III (Outside Loop Road) (E, O)	443,311
Aquatic Center & Soccer Fields (E, O)	155,580
EIR Services (Y)	37,524
Utilities Infrastructure Upgrade (V, X)	73,234
Parking Lot H & Solar PV System (V)	273,095
Fire Alarm/Security Upgrade (O)	993,743
Collier Creek Storm Water Outfall (O)	11,000
Las Positas College Totals	45,662,592
District Total	$ 77,897,045

NOTE 13 PRIOR PERIOD ADJUSTMENT

A. CHANGE IN ACCOUNTING PRINCIPLE

As described more fully in Note 1, the District adjusted their threshold for capitalizing furniture and equipment from $1,000 to $5,000 effective July 1, 2008 and removed the cost and related accumulated depreciation for all items under the new limit at that time. The effect of this change was to reduce Net Assets at June 30, 2008 by $3,117,074.

(Continued on following page)

NOTE 13 PRIOR PERIOD ADJUSTMENT
(Continued)

A. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

As described more fully in Note 1, the District changed their method of amortizing premiums and discounts on long-term debt issuances from the straight-line method to the effective interest method. The effect of this change was to reduce Net Assets at June 30, 2008 by $944,609.

B. CORRECTION OF AN ERROR

During the year ended June 30, 2009 the District determined that retentions payable on construction contracts had not been recorded in the proper periods. The District corrected this in the current period. The effect of this correction was to increase nondepreciable capital assets (construction in progress) and accounts payable at June 30, 2008 by $1,031,828. This correction had no effect on net assets or change in net assets for the year ended June 30, 2008.

C. EFFECT OF CHANGES AND ADJUSTMENTS

The changes and adjustments noted had the following effect on beginning net assets:

Net assets, as previously reported	$ 135,845,572
Change in capitalization limit	(3,117,074)
Change in amortization of premiums/discounts	(944,609)
Correction of retentions payable	-
Net assets, as restated	$ 131,783,889

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

ORGANIZATION

JUNE 30, 2009

BOARD OF TRUSTEES

Name	Office	Term Expires
Dr. Hal G. Gin	President	2010
Mr. Donald L. "Dobie" Gelles	Secretary	2010
Dr. Arnulfo Cedillo	Member	2012
Ms. Isobel F. Dvorsky	Member	2010
Dr. Barbara Mertes	Member	2012
Dr. Marshall Mitzman	Member	2012
Mr. Carlo Vecchiarelli	Member	2012

ADMINISTRATION

NAME	Office
Dr. Joel L. Kinnamon	Chancellor
Mr. Lorenzo Legaspi	Vice Chancellor, Business Services
Dr. Mary Anne Gularte	Vice Chancellor, Human Resources
Mr. Jeffrey Kingston	Vice Chancellor, Facilities and Measure B Program

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
FEDERAL EXPENDITURES:		
Department of Agriculture:		
Passed through State Department of Education -		
Child and Adult Care Food Program	10.558	$ 89,478
Total Department of Agriculture		89,478
U.S. Department of Labor:		
Passed through County of Alameda -		
WIA Adult Program	17.258	124,643
WIA Dislocated Workers	17.260	239,691
Total Department of Labor		364,334
Department of Education:		
Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	190,459
Federal Family Education Loans	84.032	-
Federal Work-Study Program	84.033	164,196
Federal Pell Grant Program	84.063	10,644,071
Academic Competitiveness Grant	84.375	95,650
Federal Financial Aid Administrative Cost Allowance	84.063	50,725
Total Student Financial Aid Cluster		11,145,101
TRIO Cluster		
TRIO - Student Support Services	84.042	133,654
TRIO - Talent Search	84.044	200,603
Total TRIO Cluster		334,257
Title III - Improving Basic Skills	84.031	160,104
Passed through California Community Colleges Chancellor's Office -		
Vocational Education - Basic Grants to States	84.048	796,153
Passed through Alameda County -		
Vocational Education - Tech-Prep Education	84.243	1,203
Total Department of Education		12,436,818

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
FEDERAL EXPENDITURES: (Continued)		
Department of Health and Human Services:		
Passed through California Community Colleges Chancellor's Office -		
Temporary Assistance for Needy Families (TANF)	93.558	78,284
Child, Family and Community Services -		
Head Start	93.600	493,973
Foster Care-Title IV-E	93.658	27,000
Total Department of Health and Human Services		599,257
Total Federal Expenditures		$ 13,489,887

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

YEAR ENDED JUNE 30, 2009

	Program Revenues				
Description	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income	Total	Total Program Expenditures
EOPS	$ 1,015,604		$ (102,043)	$ 913,561	$ 913,561
DSPS	1,680,599		(31,998)	1,648,601	1,648,601
CalWorks	540,745			540,745	540,745
TTIP	72,072		45,863	117,935	117,935
Basic Skills	381,960		331,234	713,194	713,194
Articulation	8,000		(4,426)	3,574	3,574
CARE	152,988		(8,310)	144,678	144,678
BFAP	553,390		267	553,657	553,657
Matriculation	1,236,832		(45,051)	1,191,781	1,191,781
Faculty and Staff Diversity	18,984			18,984	18,984
Instructional Equipment Scheduled Maintenance and Repair	139,740		(139,740)	-	-
Economic Development - Nursing Equipment	-		42,626	42,626	42,626
Economic Development - Nursing	-		80,233	80,233	80,233
Economic Development - Workplace Learning Center	203,687	467		204,154	204,154
Economic Development - Job Development Training	250,965		(70,070)	180,895	180,895
Economic Development - Training Incumbent Workers	36,677			36,677	36,677
Career Tech 07-08	469,700		(256,668)	213,032	213,032
Career Tech 07-08 Supplement	150,000		(88,090)	61,910	61,910
Career Tech 08-09	400,000		(400,000)	-	-
Career Tech 08-09 Supplement	100,000		(95,439)	4,561	4,561
Career Tech - Allied Health	40,000			40,000	40,000
Career Tech - Tech Prep	32,293	45,138		77,431	77,431
TANF, State Share - CC	23,302	10,569		33,871	33,871
TANF, State Share - LPC	30,349	(10,665)		19,684	19,684
Foster Care, CC	170,828	(53,960)		116,868	116,868
Foster Care, LPC	186,112	(48,503)		137,609	137,609
Quick Start Allied Health Grant	63,882	63,884		127,766	127,766

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

YEAR ENDED JUNE 30, 2009

	Program Revenues				
Description	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income	Total	Total Program Expenditures
Child Development Training Consortium - CC	13,150	4,350		17,500	17,500
Child Development Training Consortium - LPC	12,500			12,500	12,500
CARI Pre-Training, CC (Alameda County)	9,246	(3,425)		5,821	5,821
West Ed Prep Grant, CC	-	6,000		6,000	6,000
CDE Tech Prep - Subgrant Peralta Community College	10,000	(10,000)	2,026	2,026	2,026
Faculty and Couns Work Experience	8,000			8,000	8,000
Pride Pre Training	8,272	10,171		18,443	18,443
CAHSEE Grant	200,000	67,487		267,487	267,487
Department of Rehab - Workability	44,861	49,804		94,665	94,665
Bay Project/College Foundation	12,500	6,250		18,750	18,750
IDRC Surgical Tech	-	51,268	(44,435)	6,833	6,833
West Ed Personnel Grant	-	6,000		6,000	6,000
Summer Youth Work Program	-	649		649	649
Tech Mentor	4,712			4,712	4,712
Independent Living Grant	10,200			10,200	10,200
Lottery	304,075	(60,127)		243,948	243,948
CDC CACFP Food Program	4,317	427		4,744	4,744
CDC State Preschool - Part Day	362,560			362,560	362,560
CDC State Preschool - Wrap Around	394,030			394,030	394,030
CDC Tri Cities Children's Center	198,885	601		199,486	199,486
CDC West Ed PITC Program	23,575			23,575	23,575
Cal Grant - CC	582,614			582,614	582,614
Cal Grant - LPC	171,251			171,251	171,251
Instructional Equipment	186,281		(27,826)	158,455	158,455
Scheduled Maintenance Block Grant	186,297			186,297	186,297
	$ 10,706,035	$ 136,385	$ (811,847)	$ 10,030,573	$ 10,030,573

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT

ANNUALIZED ATTENDANCE AS OF JUNE 30, 2009

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2008 Only)			
1. Noncredit	22.99		22.99
2. Credit	796.66		796.66
B. Summer Intersession (Summer 2009 Prior to July 1, 2009)			
1. Noncredit	-		-
2. Credit	444.01		444.01
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	13,656.51		13,656.51
(b) Daily Census Contact Hours	1,644.15		1,644.15
2. Actual Hours of Attendance Procedures Courses			
(a) Noncredit	341.48		341.48
(b) Credit	490.98		490.98
3. Independent Study/Work Experience Education Courses			
(a) Weekly Census Procedure Courses	106.64		106.64
(b) Daily Census Procedure Courses	-		-
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	17,503.42		17,503.42
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	-		-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	-		-
2. Credit	1,342.06		1,342.06
	1,342.06		1,342.06

The accompanying notes to the supplementary information
are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311)
WITH DISTRICT ACCOUNTING RECORDS

YEAR ENDED JUNE 30, 2009

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
June 30, 2009 Annual Financial and Budget Report (CCFS-311) Fund Balance	$ 12,347,031	$ 2,282,414	$ 44,340	$ 16,552
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District identified closing entries posted subsequent to the preparation of the CCFS-311	62,787	-	-	-
Reclassification of amounts held for others	-	-	-	-
Rounding	-	(2)	-	(1)
Net adjustments and reclassifications	62,787	(2)	-	(1)
June 30, 2009 District Accounting Records Fund Balance	$ 12,409,818	$ 2,282,412	$ 44,340	$ 16,551

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

Bond Interest and Redemption Fund	Capital Outlay Projects Fund	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
$ 13,171,633	$ 6,037,266	$ 344,602,657	$ 2,438,345	$ 2,687,273	$ 337,004	$ 322,976
-	127,431	-	-	-	(1,650)	749
-	-	-	-	-	(335,354)	-
-	-	3	2	-	-	-
-	127,431	3	2	-	(337,004)	749
$ 13,171,633	$ 6,164,697	$ 344,602,660	$ 2,438,347	$ 2,687,273	$ -	$ 323,725

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311)
WITH DISTRICT ACCOUNTING RECORDS

YEAR ENDED JUNE 30, 2009

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
June 30, 2009 Annual Financial and Budget Report (CCFS-311) Fund Balance	$ 200,716	$ 4,666	$ 672,510	$ 385,165,383
Adjustment and reclassifications increasing (decreasing) the fund balance:				
District identified closing entries posted subsequent to the preparation of the CCFS-311	-	-	(21)	189,296
Reclassification of amounts held for others	-	(4,665)	(672,489)	(1,012,508)
Rounding	1	(1)	-	2
Net adjustments and reclassifications	1	(4,666)	(672,510)	(823,210)
June 30, 2009 District Accounting Records Fund Balance	$ 200,717	$ -	$ -	$ 384,342,173

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2009

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 7,675,811	$ -	$ 43,796	$ -
Restricted cash and cash equivalents	-	3,385,387	-	-
Accounts receivable, net	13,323,547	1,992,408	544	193,387
Prepaid expenses	730,032	45,470	-	-
Inventories	-	-	-	-
Due from other funds	1,061,108	3,084	-	727,339
Total current assets	22,790,498	5,426,349	44,340	920,726
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	-
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	$ 22,790,498	$ 5,426,349	$ 44,340	$ 920,726
LIABILITIES				
Deficit cash balance	$ -	$ -	$ -	$ 874,178
Accounts payable	5,982,579	611,849	-	29,785
Deferred revenue	3,558,215	2,411,929	-	-
Due to other funds	839,886	120,159	-	212
Amounts held for others	-	-	-	-
Total liabilities	10,380,680	3,143,937	-	904,175
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for special purposes	-	2,282,412	-	16,551
Unreserved:				
Undesignated	12,409,818	-	44,340	-
Total fund equity	12,409,818	2,282,412	44,340	16,551
Total liabilities and fund equity	$ 22,790,498	$ 5,426,349	$ 44,340	$ 920,726

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

Bond Interest and Redemption Fund	Capital Outlay Projects Fund	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
$ -	$ -	$ -	$ 572,877	$ -	$ -	$ -
13,125,349	-	-	-	2,670,297	529,009	88,774
46,284	2,479,897	642,587	73,285	17,169	8,436	174,139
-	-	-	23,238	169,033	-	-
-	-	-	797,487	-	-	-
-	-	725,572	1,683	-	1,943	107,705
13,171,633	2,479,897	1,368,159	1,468,570	2,856,499	539,388	370,618
-	4,473,148	360,947,360	-	-	-	-
-	-	-	1,790,225	-	-	-
-	4,473,148	360,947,360	1,790,225	-	-	-
$ 13,171,633	$ 6,953,045	$ 362,315,519	$ 3,258,795	$ 2,856,499	$ 539,388	$ 370,618
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	2,275	17,629,988	198,626	169,226	7,735	(26,820)
-	186,297	-	32,625	-	-	-
-	599,776	82,871	589,197	-	196,299	73,713
-	-	-	-	-	335,354	-
-	788,348	17,712,859	820,448	169,226	539,388	46,893
13,171,633	-	-	-	-	-	-
-	6,164,697	344,602,660	-	2,687,273	-	323,725
-	-	-	2,438,347	-	-	-
13,171,633	6,164,697	344,602,660	2,438,347	2,687,273	-	323,725
$ 13,171,633	$ 6,953,045	$ 362,315,519	$ 3,258,795	$ 2,856,499	$ 539,388	$ 370,618

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING BALANCE SHEET - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2009

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ -	$ -	$ -	$ 8,292,484
Restricted cash and cash equivalents	149,800	4,665	677,520	20,630,801
Accounts receivable, net	57,026	-	3,239	19,011,948
Prepaid expenses	-	-	75	967,848
Inventories	-	-	-	797,487
Due from other funds	4,222	-	32,606	2,665,262
Total current assets	211,048	4,665	713,440	52,365,830
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	365,420,508
Capital assets, net	-	-	-	1,790,225
Total noncurrent assets	-	-	-	367,210,733
Total assets	$ 211,048	$ 4,665	$ 713,440	$ 419,576,563
LIABILITIES				
Deficit cash balance	$ -	$ -	$ -	$ 874,178
Accounts payable	10,023	-	550	24,615,816
Deferred revenue	-	-	-	6,189,066
Due to other funds	308	-	40,401	2,542,822
Amounts held for others	-	4,665	672,489	1,012,508
Total liabilities	10,331	4,665	713,440	35,234,390
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	-	-	13,171,633
Reserved for special purposes	200,717	-	-	356,278,035
Unreserved:				
Undesignated	-	-	-	14,892,505
Total fund equity	200,717	-	-	384,342,173
Total liabilities and fund equity	$ 211,048	$ 4,665	$ 713,440	$ 419,576,563

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND EQUITY - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
OPERATING REVENUES				
Tuition and fees	$ 10,863,326	$ 1,615,673	$ -	$ 131,835
Less: scholarship discount and allowance	2,882,148	-	-	-
Net tuition and fees	7,981,178	1,615,673	-	131,835
Grants and contracts, non-capital:				
Federal	1,274	1,999,771	-	583,451
State	242,628	7,703,612	-	984,997
Local	4,472,019	-	-	-
Auxiliary enterprise sales and charges	-	-	-	-
Other operating revenues	-	-	-	-
Total operating revenues	12,697,099	11,319,056	-	1,700,283
OPERATING EXPENDITURES/EXPENSES				
Academic salaries	44,485,310	2,236,192	-	-
Classified salaries	21,377,241	5,264,676	9,964	1,652,305
Employee benefits	20,865,602	1,526,702	4,856	545,281
Supplies and materials	1,758,789	981,543	-	134,516
Other operating expenses	10,488,567	2,595,870	-	29,584
Capital outlay	378,376	888,402	-	8,752
Depreciation	-	-	-	-
Total operating expenditures/expenses	99,353,885	13,493,385	14,820	2,370,438
OPERATING INCOME (LOSS)	(86,656,786)	(2,174,329)	(14,820)	(670,155)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	58,401,802	-	-	-
Local property taxes	24,245,738	-	-	-
State taxes and other revenues	2,010,964	243,948	-	(843)
Investment income	278,723	-	(147)	(13,071)
Debt service - principal	-	-	-	(30,000)
Debt service - interest	-	-	-	-
Other non-operating expenditures/expenses	1,476,779	1,363,443	24,393	11,321
Total non-operating revenues (expenditures/expenses)	86,414,006	1,607,391	24,246	(32,593)

(Continued on following page)

The accompanying notes to the supplementary information are an
integral part of this supplementary information.

Bond Interest and Redemption Fund	Capital Outlay Projects Fund	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	11,074,817
-	1,033,749	-	-	-	-	750,972
-	-	-	-	-	-	-
-	-	-	3,990,768	-	-	-
-	-	-	-	3,471,172	-	-
-	1,033,749	-	3,990,768	3,471,172	-	11,825,789
-	-	-	-	-	-	-
-	-	834,280	795,037	-	-	-
-	-	253,881	237,331	-	-	-
-	-	15,661	2,805,855	-	-	-
2,309	(12,546)	530,877	252,033	3,866,002	-	11,979,082
-	1,909,757	117,646,503	-	-	-	-
-	-	-	72,727	-	-	-
2,309	1,897,211	119,281,202	4,162,983	3,866,002	-	11,979,082
(2,309)	(863,462)	(119,281,202)	(172,215)	(394,830)	-	(153,293)
-	-	-	-	-	-	-
17,317,954	-	-	-	-	-	-
-	-	-	-	-	-	-
132,556	47,529	18,074,195	8,385	46,850	-	(355)
(6,340,000)	(160,000)	-	-	-	-	-
(9,842,700)	(219,691)	-	-	-	-	-
-	-	-	34,647	-	-	-
1,267,810	(332,162)	18,074,195	43,032	46,850	-	(355)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND EQUITY - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
Income (loss) before other revenues and expenditures/expenses	(242,780)	(566,938)	9,426	(702,748)
OTHER REVENUES AND EXPENDITURES				
Gifts and grants, capital	-	344,752	-	-
Excess of revenues over (under) expenditures/expenses	(242,780)	(222,186)	9,426	(702,748)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,719,277	2,296,552	6,040	745,806
Operating transfers out	(2,798,880)	(2,680,193)	-	(18,467)
Total other financing sources (uses)	(1,079,603)	(383,641)	6,040	727,339
Excess of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(1,322,383)	(605,827)	15,466	24,591
FUND EQUITY, BEGINNING OF YEAR	13,732,201	2,888,239	28,874	(8,040)
FUND EQUITY, END OF YEAR	$ 12,409,818	$ 2,282,412	$ 44,340	$ 16,551

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

	Bond Interest and Redemption Fund	Capital Outlay Projects Fund	Revenue Bond Construction Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
	1,265,501	(1,195,624)	(101,207,007)	(129,183)	(347,980)	-	(153,648)
	-	-	-	-	-	-	-
	1,265,501	(1,195,624)	(101,207,007)	(129,183)	(347,980)	-	(153,648)
	10,790	2,565,453	-	-	-	-	159,090
	-	(1,753,825)	-	(564,638)	-	-	-
	10,790	811,628	-	(564,638)	-	-	159,090
	1,276,291	(383,996)	(101,207,007)	(693,821)	(347,980)	-	5,442
	11,895,342	6,548,693	445,809,667	3,132,168	3,035,253	-	318,283
	$ 13,171,633	$ 6,164,697	$ 344,602,660	$ 2,438,347	$ 2,687,273	$ -	$ 323,725

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND EQUITY - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
OPERATING REVENUES				
Tuition and fees	$ -	$ -	$ -	$ 12,610,834
Less: scholarship discount and allowance	-	-	-	2,882,148
Net tuition and fees	-	-	-	9,728,686
Grants and contracts, non-capital:				
Federal	-	-	-	13,659,313
State	-	-	-	10,715,958
Local	-	-	-	4,472,019
Auxiliary enterprise sales and charges	-	-	-	3,990,768
Other operating revenues	-	-	-	3,471,172
Total operating revenues	-	-	-	46,037,916
OPERATING EXPENDITURES/EXPENSES				
Academic salaries	-	-	-	46,721,502
Classified salaries	-	-	-	29,933,503
Employee benefits	-	-	-	23,433,653
Supplies and materials	-	-	-	5,696,364
Other operating expenses	74,452	-	-	29,806,230
Capital outlay	-	-	-	120,831,790
Depreciation	-	-	-	72,727
Total operating expenditures/expenses	74,452	-	-	256,495,769
OPERATING INCOME (LOSS)	(74,452)	-	-	(210,457,853)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	-	-	-	58,401,802
Local property taxes	-	-	-	41,563,692
State taxes and other revenues	-	-	-	2,254,069
Investment income	2,918	-	-	18,577,583
Debt service - principal	-	-	-	(6,530,000)
Debt service - interest	-	-	-	(10,062,391)
Other non-operating expenditures/expenses	64,124	-	-	2,974,707
Total non-operating revenues (expenditures/expenses)	67,042	-	-	107,179,462

(Continued on following page)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN FUND EQUITY - DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

YEAR ENDED JUNE 30, 2009

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
Income (loss) before other revenues and expenditures/expenses	(7,410)	-	-	$ (103,278,391)
OTHER REVENUES AND EXPENDITURES				
Gifts and grants, capital	-	-	-	344,752
Excess of revenues over (under) expenditures/expenses	(7,410)	-	-	(102,933,639)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	7,503,008
Operating transfers out	(2,820)	-	-	(7,818,823)
Total other financing sources (uses)	(2,820)	-	-	(315,815)
Excess of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(10,230)	-	-	(103,249,454)
FUND EQUITY, BEGINNING OF YEAR	210,947	-	-	487,591,627
FUND EQUITY, END OF YEAR	$ 200,717	$ -	$ -	$ 384,342,173

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF FUND EQUITY TO NET ASSETS

JUNE 30, 2009

Total Fund Equity - District Funds Included in the Reporting Entity		$ 384,342,173
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Depreciable capitalized assets	$ 135,529,873	
Accumulated depreciation	(38,075,677)	97,454,196
Nondepreciable capital assets		195,667,225
Deferred costs, net		5,039,226
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accrued interest		(4,075,471)
Long-term debt	(539,665,104)	
Other long-term liabilities	(8,733,988)	(548,399,092)
Net assets reported within the GASB 35 Statement of Net Assets		$ 130,028,257

The accompanying notes to the supplementary information are an integral part of this supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF CHANGE IN FUND EQUITY
TO CHANGE IN NET ASSETS

YEAR ENDED JUNE 30, 2009

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	$ (103,249,454)
Compensated absence expense reduction reported within GASB 35 Statements	29,649
Depreciation expense reported within GASB 35 Statements	(3,579,674)
Amortization of bond issuance cost reported within the GASB 35 Statements	(247,207)
Accreted interest expense on capital appreciation bonds, net of issuance premium reported within the GASB 35 Statements	(14,937,829)
Capital outlay expense not reported within the GASB 35 Statements	120,754,301
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	72,550
Additional expense of other post employment benefits reported within the GASB 35 Statements	(6,747,956)
Loss on disposal of capital assets reported within the GASB 35 Statements	(380,012)
Principal payments on debt not reported within the GASB 35 Statements	6,530,000
Net change in net assets reported within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	$ (1,755,632)

The accompanying notes to the supplementary information are an integral part of this supplementary information.

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards and Schedule of State Financial Awards

The audit of the Chabot-Las Positas Community College District for the year ended June 30, 2009 was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with A-133 and state requirements, the Schedule of Expenditures of Federal Awards and Schedule of State Financial Awards were prepared for the Chabot-Las Positas Community College District.

The schedules have been prepared on the accrual basis of accounting.

Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2009, represents the basis of apportionment of the Chabot-Las Positas Community College District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting Records

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

NOTE 2 FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM

The District granted $3,456,945 in loans under the Federal Family Education Loan Program for the year ended June 30, 2009.

(Continued on following page)

NOTE 3 COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Combining Balance Sheet – District Funds Included in the Reporting Entity, Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity are presented on the modified accrual basis of accounting with the exception of the Bookstore fund which is presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District reports deferred revenue on its combining balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

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NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' 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 (District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2009. We conducted our audit 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 the standards prescribed by the State Department of Finance.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 2009-1 and 2009-2 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 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 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 item 2009-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The 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 the District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, others within the entity, federal awarding agencies, Chancellor's Office, State Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

December 2, 2009

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' 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 (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, 2009. The 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 the District's management. Our responsibility is to express an opinion on the 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 the 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 the District's compliance with those requirements.

In our opinion, the 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, 2009.

Internal Control Over Compliance

The management of the 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 the 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 District's internal control over compliance.

A *control deficiency* in an entity'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 entity'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 entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity'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 audit committee, Board of Trustees, management, others within the entity, federal awarding agencies, Chancellor's Office, State Department of Finance, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nystrom & Company LLP

December 2, 2009

NYSTROM & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

REDDING, CALIFORNIA

INDEPENDENT AUDITORS' REPORT
ON STATE COMPLIANCE REQUIREMENTS

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

We have audited the accompanying financial statements of the business-type activities of Chabot-Las Positas Community College District (District) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009.

Our audit was conducted 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the standards prescribed by the State Department of Finance and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our 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):

ANNUAL COMPLIANCE FOCUS

<u>General Directives Testing Structure</u>

1. State General Apportionment Required Data Elements

<u>Administration Testing Structure</u>

1. Fiscal Operations – Salaries of Classroom Instructors: 50 Percent Law
2. Fiscal Operations – GANN Limit Calculation
3. Apportionments – Residency Determination for Credit Courses
4. Apportionments – Concurrent Enrollment of K-12 Students in Community College Credit Courses

5. Apportionments – Apportionment for Instructional Service Agreements/Contracts

6. Apportionments – Enrollment Fee

7. Apportionments – Students Actively Enrolled

8. Open Enrollment

9. Student Fee – Instructional Materials and Health Fees

Student Services Testing Structure

1. Matriculation – Uses of Matriculation Funds

   CalWORKs – Use of State and Federal TANF Funding

Facilities

1. 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 audit.

Our audit 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 audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, except for the findings 2009-3 through 2009-5, described in the accompanying schedule of findings and questioned costs, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2009.

The 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 the District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, the Board of Trustees, audit committee, and others within the District, California Community Colleges Chancellor's Office, 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.

Nystrom & Company LLP

December 2, 2009

A. SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Chabot-Las Positas Community College District.

2. Two significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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*. One of the conditions is reported as a material weakness.

3. No instances of noncompliance material to the financial statements of Chabot-Las Positas Community College District were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The independent auditors' report on compliance for the major federal award programs for Chabot-Las Positas Community College District expresses an unqualified opinion.

6. There are no audit findings relative to the major federal award programs for Chabot-Las Positas Community College District.

7. The programs tested as major programs include: 1) Federal Supplemental Educational Opportunity Grants Program (CFDA 84.007); Federal Family Education Loan Program (CFDA 84.032); Federal Work Study Program (CFDA 84.033); Academic Competitiveness Grant (CFDA 84.375); and Federal Pell Grant Program (CFDA 84.063), which, together comprise the student financial aid "cluster" program as defined in the Compliance Supplement. 2) Career and Technical Education – Basic Grants to States (Perkins IV) (CFDA 84.048).

8. The threshold for distinguishing Type A and B programs was $459,882.

9. Chabot-Las Positas Community College District did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

2009-1 – District Interfund Transactions

Criteria or Specific Requirement: Industry standards and general best practices emphasize recording transactions in a timely manner and reconciling accounts periodically throughout the year.

Statement of Condition: The District's interfund transactions were not balanced at June 30, 2009. Due From accounts were $122,440 greater than Due To accounts and Operating Transfers Out accounts were $315,815 greater than Operating Transfers In accounts.

Cause of Condition: The District's procedures do not reconcile the interfund accounts to assure they are balanced at year-end.

Effect of Condition: Non-balancing interfund transactions are an indication of a transaction that affects more than one fund not being recorded in all applicable funds. When reporting on an entity-wide level as the District does, this has the effect of either over-understating revenues and or expenses in either the current and-or a prior period (depending on when the original interfund transaction occurred). Without a system in place to assure interfund transactions are in balance it is difficult to determine which revenue and expense accounts are misstated and in which period the misstatement occurred.

Recommendation: We recommend the District reconcile and adjust all Due To/From balances as of June 30, 2009 and post the necessary adjustments. Further, we recommend the District develop procedures to reconcile Due To/From accounts and interfund transfers accounts on a monthly basis.

District Response: Management concurs. The District will reconcile and adjust all Due To/From balances as of June 30, 2009, post the necessary adjustments, and develop procedures to reconcile Due To/From accounts and interfund transfers accounts on a monthly basis.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT
(Continued)

2009-2 – Accounting Records and Reporting

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.

Statement of Condition: We identified and proposed an adjusting journal entry to correctly report retentions payable. The entry was necessary for the District's financial statements to be reported in accordance with generally accepted accounting principles (GAAP). Additionally, we noted the CCFS-311 was filed prior to the District's completion of the trial balance we were provided to audit, these variances are included on the fund balance reconciliation page of this report.

Cause of Condition: The District does not have internal controls in place that extend to the determination that the financial statements are in accordance with GAAP. Additionally, the District posted closing entries after the preparation of the CCFS-311.

Effect of Condition: Without internal controls that extend from the trial balance to the financial statements, the District is left to rely on the external auditors to identify material differences from GAAP reporting. Additionally, 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 the District consider the cost/benefit of internal controls separate from the external auditors, to assure the District's financial statements are in accordance with GAAP. Additionally, the District should consider if there is a cost/benefit to modifying current closing procedures, so as to reflect the most up to date, accurate amounts on the CCFS-311 form.

District Response: The District will develop and implement a procedure for proper recording of retentions payable. The CCFS-311 was submitted to the Chancellor's Office by the prescribed deadline. At that time the District had not yet prepared a final trial balance. The District will review its closing schedule and ensure that the CCFS-311 is prepared from the final trial balance, which is provided to the auditors.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

D. FINDINGS – STATE COMPLIANCE AUDIT

2009-3 – Instructional Materials Fees

Criteria or Specific Requirement: Per California Code of Regulations (CCR), Title 5, Section 59402, 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.

Statement of 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 all of the amounts on the worksheet.

Questioned Cost: None

Cause of Condition: 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.

Effect of Condition: The District is not able to produce evidence that material fees charged are in compliance with the applicable CCR section.

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 District will review costs related to instructional materials fees. The District will maintain source documents on file that substantiate instructional material fees.

D. FINDINGS – STATE COMPLIANCE AUDIT
(Continued)

2009-4 – Concurrent Enrollment

Criteria or Specific Requirement: Per Education Code Section 48800, for summer sessions, K-12 principals may not recommend more than five percent of the number of pupils who have completed a particular grade immediately prior to the time of the recommendation.

Statement of Condition: During our testing of concurrent enrollment we noted that the District does not obtain certification that the principal of the K-12 district has not recommended greater than 5% of any grade level for concurrent enrollment.

Though the responsibility for monitoring the 5% limit lies with the K-12 district, the community college district must have procedures in place to obtain certification from the K-12 principal that the principal has not recommended more than 5% of any grade level for community college attendance. We confirmed with the System Office the need to obtain certification and were referred to Legal Opinion M 02-20 which describes the requirement in detail.

Questioned Cost: None

Cause of Condition: The District does not request certification from K-12 principals.

Effect of Condition: It is possible that the District is claiming too much apportionment for K-12 students.

Recommendation: We recommend that the District include an additional paragraph in the authorization form which the principal signs for each K-12 student recommended.

District Response: The following statement will be included on Concurrent Enrollment Recommendation forms:

As per Ed. Code 76001, the high school principal of the school certifies, by signing this application, that no more than 5 percent of the total number of students per grade level shall be recommended for enrollment at Chabot College or Las Positas College for the Summer Session.

D. FINDINGS – STATE COMPLIANCE AUDIT
(Continued)

2009-5 – Open Enrollment

Criteria or Specific Requirement: Per CCR, Title 5, Section 58102 and 58104, a description of each course claimed for apportionment must be published in the official catalog and schedule of classes, and for courses that the districts establish or conduct after publication of the general catalog or regular schedule of classes, those classes must also be reasonably well publicized.

Statement of Condition: During our testing we noted that some of the courses offered through an instructional service agreement with the Alameda County Sheriff's Office were not publicized in accordance with the above referenced education code sections. We identified 27.93 FTES included in the District's CCFS-320 that were generated by these courses.

Questioned Cost: None

Cause of Condition: The District did not publicize the above noted courses.

Effect of Condition: The District is at risk of noncompliance with open enrollment requirements and has potentially overstated FTES claimed for apportionment.

Recommendation: We recommend that the District list in the official catalog and schedule of classes, all courses for which the District claims FTES and include with the courses a description of any prerequisites or limitations to enrollment.

District Response: Beginning with Spring 2010 schedule, the law enforcement academy classes have a separate page in the schedule with courses and course descriptions listed. Basic minimum eligibility requirements for all courses are noted. The college catalog will be updated to include all courses as well.

FINDINGS – FINANCIAL STATEMENTS AUDIT

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.

Statement of Condition: The county cash reconciliation had 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.

Cause of Condition: 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 expenditure flow through the county cash account.

Effect of Condition: 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.

Current Status: Implemented.

FINDINGS – FINANCIAL STATEMENTS AUDIT
(Continued)

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.

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

Cause of Condition: The difference between Due To and Due From were approximately $199,400 at June 30, 2008.

Effect of Condition: 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 passed and cash cannot be transferred until the following year.

Current Status: Not implemented, see current year finding 2009-1.

FINDINGS – FINANCIAL STATEMENTS AUDIT
(Continued)

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.

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

Cause of Condition: 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 of Condition: 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.

Current Status: Implemented.

FINDINGS – FINANCIAL STATEMENTS AUDIT
(Continued)

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.

Statement of 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.

Cause of Condition: 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 of Condition: 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.

Current Status: Not implemented, see current year finding 2009-2.

FINDINGS – STATE COMPLIANCE AUDIT

2008-5 – Instructional Materials Fees

Criteria or Specific Requirement: 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.

Statement of 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

Cause of Condition: 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 of Condition: 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.

Current Status: Not implemented, see current year finding 2009-3.

FINDINGS – STATE COMPLIANCE AUDIT
(Continued)

2008-6 – Health Fees

Criteria or Specific Requirement: *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.

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

Questioned Cost: None

Cause of Condition: 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 of Condition: 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.

Current Status: Implemented.

FINDINGS – STATE COMPLIANCE AUDIT
(Continued)

2008-7 – CalWORKS – TANF

Criteria or Specific Requirement: 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.

Statement of 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.

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

Effect of Condition: 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.

Current Status: Implemented.