

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEARS ENDED JUNE 30, 2010 AND 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.

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 years ended June 30, 2010 and 2009, which 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 audits.

We conducted our audits 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 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, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. 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 purpose 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. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Nystrom & Company LLP

November 22, 2010

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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, 2010. 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, 2010. 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 Chancellor'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.

Financial and Enrollment Highlights

- As of June 30, 2010, the District's total net assets are \$106,112,864. Total net assets of the District decreased \$22.7 million, or about 17.6%, from the previous year.
- The District's General Fund Unrestricted Balance at the end of the fiscal year decreased \$5.2 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. This voter approval gave the District 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 18,816 full-time equivalent students for General Apportionment purposes for the 2009-10 year.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

- The District's salary expenses increased by 1%, while benefit expenses increased 14% primarily due to the increases in medical premiums. Expenses for supplies, materials, capital outlay, student aid and other expenses and services increased 26%, primarily related to student financial aid and depreciation.

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

- Enrollment Fee: During 2009-10, the enrollment fees charged increased from \$20 to \$26 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, budgeted for zero Cost of Living Adjustments (COLA), and utilized federal funds provided through State Stabilization provisions of American Recovery and Reinvestment Act (ARRA).

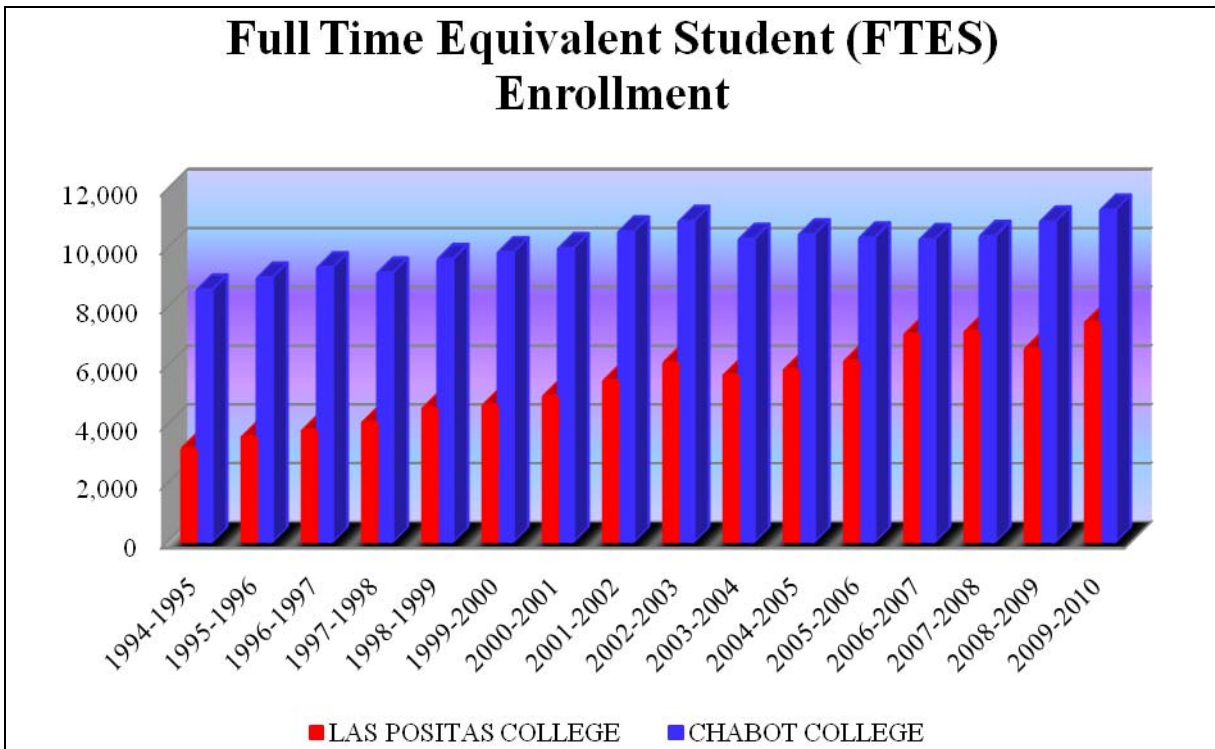
CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2010

FULL-TIME EQUIVALENT STUDENT (FTES) ENROLLMENTS

<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
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)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2010

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 \$22.7 million, or about 17.6%, from the previous year. The District continues to be impacted by the suppressed economic climate in California and the reduced levels of state support.

ASSETS	2010	2009
Current Assets		
Cash and investments	\$ 1,721,515	\$ 7,418,306
Restricted cash and investments	21,228,666	20,630,801
Accounts receivable, net	18,311,524	19,134,388
Prepaid expenses	666,885	967,848
Inventory	665,706	797,487
Total Current Assets	42,594,296	48,948,830
Non-Current Assets		
Restricted cash and investments	278,847,372	365,420,508
Deferred charges	4,792,019	5,039,226
Nondepreciable capital assets	65,397,322	187,654,549
Depreciable capital assets, net of depreciation	307,112,810	106,010,730
Total Non-Current Assets	656,149,523	664,125,013
TOTAL ASSETS	698,743,819	713,073,843
LIABILITIES		
Current Liabilities		
Accounts payable	15,911,818	24,615,816
Interest payable	3,973,622	4,075,471
Deferred revenue	6,497,693	6,189,066
Amounts held in trust	1,088,844	1,012,508
Long-term debt, current portion	8,470,000	7,540,000
Other long-term liabilities, current portion	565,801	-
Total Current Liabilities	36,507,778	43,432,861
Non-Current Liabilities		
Long-term debt, noncurrent portion	539,281,980	532,125,104
Other long-term liabilities, noncurrent portion	16,841,197	8,733,988
Total Non-Current Liabilities	556,123,177	540,859,092
TOTAL LIABILITIES	592,630,955	584,291,953
Net Assets		
Investment in capital assets, net of debt	149,886,689	142,323,231
Restricted	25,935,499	24,847,008
Unrestricted	(69,709,324)	(38,388,349)
Total Net Assets	\$ 106,112,864	\$ 128,781,890
TOTAL LIABILITIES AND NET ASSETS	\$ 698,743,819	\$ 713,073,843

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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 \$17.3 million, the Capital Construction fund is \$392 thousand, Student Financial Aid fund is \$207 thousand, Measure B Construction fund is \$71 thousand, the Child Development fund \$138 thousand and the Chabot Bookstore is \$114 thousand. The student receivables due at June 30, 2010 are approximately \$3.4 million.

Inventories and prepaid items respectively represent inventory for the Bookstore and prepayments for services and supplies ordered in FY 09-10 for use in FY 10-11.

Restricted cash and investment of \$300.1 million consists of funds related to the Measure B Bond Funds totaling \$272.9 million, associated required reserves of \$13.8 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 FY 09-10, for which payment would not be made until fiscal year 2010-2011. At June 30, 2010 the Measure B Bond Construction fund owed contractors and vendors \$9.1 million, and the General Fund owed contractors, vendors and employees \$6.2 million.

Deferred revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2009-2010, deferred revenues were \$6.5 million. Of this amount, \$4.0 million represents student tuition and registration fees, received during 2009-2010, for the 2010-2011 summer and fall terms. The other \$2.5 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 the current 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 (\$1.9 million); the remaining debt on the general obligation bonds (\$543 million); the remaining debt on the lease revenue bonds payable for the purchase of the District office (\$4.7 million), other post employment benefit obligations (\$13.6 million) and the remaining liability for the Supplemental Employee Retirement Plan (\$1.9 million).

Net assets are divided into three components – *invested in capital assets (net of related debt), restricted, and unrestricted.*

Invested in capital assets, net of related debt is the difference between the amount shown for capital assets and the outstanding debt incurred to finance those capital assets. At June 30, 2010 capital assets were \$373 million. These assets are offset by debt incurred to finance those capital assets. The related debt is the general obligation bonds.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

Restricted net assets represent resources that are constrained to a particular purpose. The major components of restricted net assets are those restricted for debt service on the general obligation bonds, capital outlay, retiree benefits, and grants and contracts for specific projects.

Unrestricted net assets are essentially all resources not included in the first two listed above. It is not uncommon to see an unrestricted net assets deficit. Unrestricted net assets are negative due to how interest expense is recorded related to the capital appreciation bonds. Capital appreciation bonds, or deep discount bonds, mature far into the future. Interest expense must be accreted (or accrued) from the date of issuance of the bonds through to maturity. However, because the bonds are repaid based on property tax assessments, in the early years there is no revenue recorded to offset this interest expense. This causes unrestricted net assets to go negative. In the out years, the situation will reverse and property tax revenue will exceed the interest recorded. It is important to remember that the general obligation bonds are repaid based on property tax assessments and there is no need for the district to set aside money to fund this liability.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets represents the financial results of the District's "operations," as well as its "non-operating activities." The distinction between these two activities involves the concepts of "exchange" and "non-exchange." An operating activity is one in which a "direct payment"/exchange is made (by one party to another) for the receipt of specified goods or services, i.e., the 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 \$26 per unit enrollment fee that is charged to all students registering for classes, and the additional \$190 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 \$6.6 million and \$1.7 million. Another \$1.1 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 (\$21.1 million) to include funding for vocational training and higher education programs and State grants (\$7.8 million) for categorical programs, such as DSPS, EOPS, and Matriculation, to name a few. Included in local grants and contracts (\$6.6 million) are all of the contract 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 \$3.8 million dollars.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

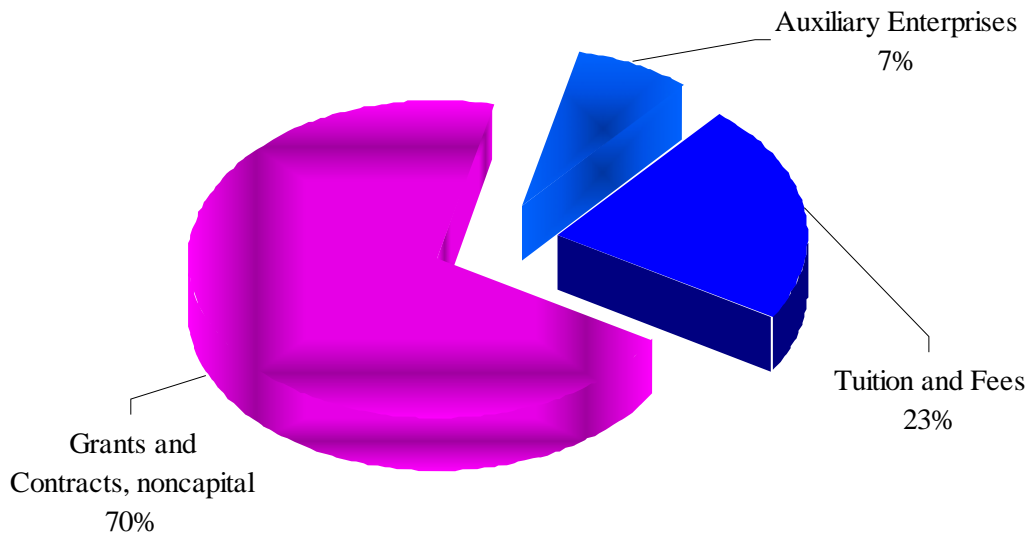
JUNE 30, 2010

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, 2010

Revenues



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

Statement of Revenues, Expenses and Changes in Net Assets

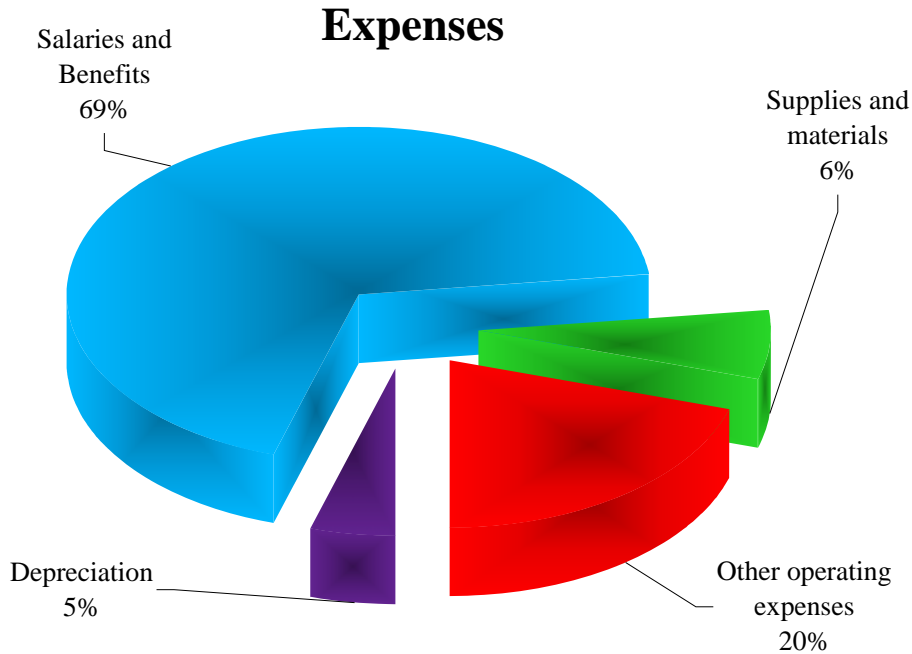
OPERATING REVENUES	<u>2010</u>	<u>2009</u>
Tuition and fees	\$ 11,376,452	\$ 9,728,686
Grants and contracts, noncapital		
Federal	21,092,637	13,659,313
State	7,751,387	10,715,958
Local	6,550,609	5,014,129
Auxiliary enterprises	3,765,535	3,990,768
Total operating revenues	<u>50,536,620</u>	<u>43,108,854</u>
OPERATING EXPENSES		
Academic salaries	45,563,007	46,691,853
Classified salaries	30,034,909	28,164,396
Employee benefits	35,327,956	31,103,065
Supplies and materials	10,410,931	10,206,208
Other operating expenses	33,027,560	26,512,194
Depreciation	7,683,329	3,901,196
Total operating expenses	<u>162,047,692</u>	<u>146,578,912</u>
Operating loss	<u>(111,511,072)</u>	<u>(103,470,058)</u>
NON-OPERATING REVENUES		
(EXPENSES)		
State apportionments, noncapital	52,639,692	58,401,802
Local property taxes (capital and noncapital)	42,594,636	41,563,692
State taxes and other revenue	2,285,387	2,254,069
Investment income	12,176,991	18,577,583
Interest expense	(25,620,440)	(25,174,877)
Loss on disposal of assets	12,212	(368,398)
Other non-operating revenues	4,366,615	3,896,057
Total non-operating revenues	<u>88,455,093</u>	<u>99,149,928</u>
Loss before other revenues, expenses, gains or losses	(23,055,979)	(4,320,130)
State apportionments, capital	386,953	344,752
Increase/decrease in net assets	<u>(22,669,026)</u>	<u>(3,975,378)</u>
Net assets - beginning of year	128,781,890	132,757,268
Net Assets - end of year	<u>\$ 106,112,864</u>	<u>\$ 128,781,890</u>

The largest component of the District's operating expense is the cost associated with salaries and benefits. Approximately 69% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 26% of total expenses and depreciation accounts for the remaining 5%. The supplies and other expense category includes insurance premiums, facilities rental, equipment repair, as well as supplies and a host of other expenses necessary to the operation of the District.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

OPERATING EXPENSES – JUNE 30, 2010



OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

Operating Expenses by Function	2010	2009
Instructional activities	\$ 56,940,993	\$ 57,559,779
Academic support	10,068,491	9,966,346
Student services	14,728,267	14,924,895
Operation and maintenance of plant	9,605,682	9,410,138
Institutional support	17,765,060	17,230,142
Community services and economic development	1,393,169	1,444,964
Ancillary services, auxiliary services	13,958,958	13,205,435
Student aid	18,418,656	12,454,049
Physical property/GASB entries	19,168,416	10,383,164
Total Operating Expenses by Function	<u><u>\$ 162,047,692</u></u>	<u><u>\$ 146,578,912</u></u>

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2009-2010. The largest expense in 2009-10 was in the area of instruction at 35%.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

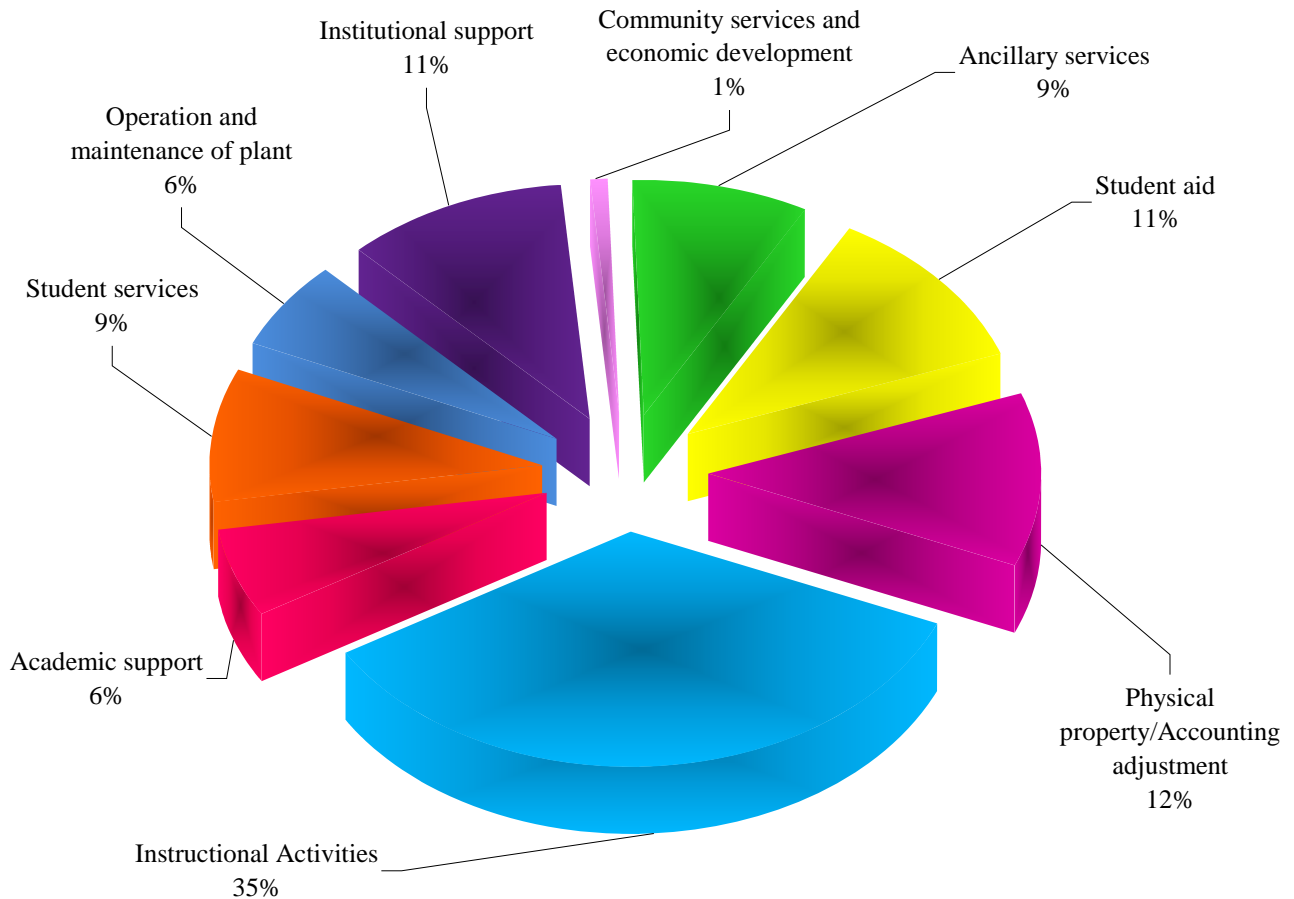
The Student Services expense of 9% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include, Matriculation, Disabled Student Services Program (DSPS), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 11%.

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, depreciation and GASB entries of 12% relate primarily to equipment, buildings and building improvements.

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION – 2010

Functional Expenses



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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.

	2010	2009
Cash provided by (used in)		
Operating activities	\$ (93,718,025)	\$ (91,623,942)
Non-capital financing activities	83,198,572	84,021,714
Capital and related financing activities	(93,989,830)	(121,936,269)
Investing activities	1,796,622	221,703,144
Net increase (decrease) in cash	(102,712,661)	92,164,647
Cash - beginning of year	170,636,313	78,471,666
Cash - end of year	\$ 67,923,652	\$ 170,636,313

Capital Asset and Debt Administration

Capital Assets

At June 30, 2010, the District had a net \$372.5 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 \$79 million, or 27%, 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, 2010, the District had \$547.8 million in debt outstanding versus \$539.7 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 Supplemental Employee Retirement Plan (SERP) liability. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

Economic Factors that will Effect 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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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
STATEMENTS OF NET ASSETS

	June 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,336,718	\$ 6,716,058
Investments	384,797	702,248
Restricted cash and cash equivalents	21,228,666	20,630,801
Accounts receivable, net	18,311,524	19,134,388
Prepaid expenses	666,885	967,848
Inventory	665,706	797,487
Total current assets	42,594,296	48,948,830
Noncurrent assets:		
Restricted cash and cash equivalents	45,358,268	143,289,454
Restricted investments	233,489,104	222,131,054
Deferred charges, net	4,792,019	5,039,226
Nondepreciable capital assets	65,397,322	187,654,549
Depreciable capital assets, net of depreciation	307,112,810	106,010,730
Total noncurrent assets	656,149,523	664,125,013
Total assets	\$ 698,743,819	\$ 713,073,843
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 15,911,818	\$ 24,615,816
Interest payable	3,973,622	4,075,471
Deferred revenue	6,497,693	6,189,066
Amounts held in trust custody on behalf of others	1,088,844	1,012,508
Long-term debt, current portion	8,470,000	7,540,000
Other long-term liabilities, current portion	565,801	-
Total current liabilities	36,507,778	43,432,861
Noncurrent liabilities:		
Long-term debt, noncurrent portion	539,281,980	532,125,104
Other long-term liabilities, noncurrent portion	16,841,197	8,733,988
Total noncurrent liabilities	556,123,177	540,859,092
Total liabilities	592,630,955	584,291,953

(Continued on following page)

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET ASSETS

	June 30,	
	2010	2009
NET ASSETS		
Investments in capital assets, net of related debt	149,886,689	142,323,231
Restricted	25,935,499	24,847,008
Unrestricted	(69,709,324)	(38,388,349)
Total net assets	106,112,864	128,781,890
Total liabilities and net assets	\$ 698,743,819	\$ 713,073,843

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS

	Years Ended June 30,	
	2010	2009
OPERATING REVENUES		
Tuition and fees	\$ 15,966,185	\$ 12,610,834
Less: scholarship discount and allowance	4,589,733	2,882,148
Net tuition and fees	11,376,452	9,728,686
Grants and contracts, non-capital:		
Federal	21,092,637	13,659,313
State	7,751,387	10,715,958
Local	6,550,609	5,014,129
Auxiliary enterprise sales and charges	3,765,535	3,990,768
Total operating revenues	50,536,620	43,108,854
OPERATING EXPENSES		
Academic salaries	45,563,007	46,691,853
Classified salaries	30,034,909	28,164,396
Employee benefits	35,327,956	31,103,065
Supplies and materials	10,410,931	10,206,208
Other operating expenses	33,027,560	26,512,194
Depreciation	7,683,329	3,901,196
Total operating expenses	162,047,692	146,578,912
OPERATING LOSS	(111,511,072)	(103,470,058)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, non-capital	52,639,692	58,401,802
Local property taxes, non-capital	25,010,057	24,245,738
State taxes and other revenues	2,285,387	2,254,069
Investment income	12,176,991	18,577,583
Interest expense	(25,620,440)	(25,174,877)
Gain (loss) on disposal of capital assets	12,212	(368,398)
Other non-operating revenues	4,366,615	3,896,057
Total non-operating revenues (expenses)	70,870,514	81,831,974

(Continued on following page)

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS

	Years Ended June 30,	
	2010	2009
LOSS BEFORE OTHER REVENUES AND EXPENSES	(40,640,558)	(21,638,084)
Gifts and grants, capital	386,953	344,752
Local property taxes, capital	17,584,579	17,317,954
CHANGE IN NET ASSETS	(22,669,026)	(3,975,378)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	130,028,257	131,783,889
PRIOR PERIOD ADJUSTMENT	(1,246,367)	973,379
NET ASSETS, BEGINNING OF YEAR, RESTATED	128,781,890	132,757,268
NET ASSETS, END OF YEAR	<u>\$ 106,112,864</u>	<u>\$ 128,781,890</u>

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 11,648,558	\$ 9,895,998
Federal grants and contracts	20,953,032	13,568,150
State grants and contracts	7,290,942	11,370,498
Local grants and contracts	6,863,979	5,319,163
Payments to vendors for supplies and services	(24,924,163)	(25,999,782)
Payments to or on behalf of employees	(101,463,957)	(97,601,023)
Payments to students for scholarships and grants	(18,050,727)	(11,979,082)
Auxiliary enterprise sales and charges	3,765,535	3,990,768
Other operating receipts (payments)	198,776	(188,632)
Net cash used by operating activities	(93,718,025)	(91,623,942)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State apportionments	51,040,111	52,583,833
Local property taxes	24,947,525	26,551,854
State taxes and other apportionments	4,451,954	2,465,044
Other nonoperating	2,758,982	2,420,983
Net cash provided by non-capital financing activities	83,198,572	84,021,714
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(95,010,110)	(123,046,024)
Proceeds from disposal of capital assets	12,212	11,614
State revenue, capital projects	245,894	372,578
Local property taxes	17,584,579	17,317,954
Principal paid on capital debt	(6,974,199)	(6,530,000)
Interest paid on capital debt	(9,848,206)	(10,062,391)
Net cash used by capital and related financing activities	(93,989,830)	(121,936,269)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received from investments	12,837,221	19,448,423
Purchase of investments	(244,094,982)	(287,343)
Proceeds from liquidation of investments	233,054,383	202,542,064
Net cash provided by investing activities	1,796,622	221,703,144
NET CHANGE IN CASH AND CASH EQUIVALENTS	(102,712,661)	92,164,647
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	170,636,313	78,471,666
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 67,923,652	\$ 170,636,313

(Continued on following page)

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (111,511,072)	\$ (103,470,058)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	7,683,329	3,901,196
On behalf payments	1,607,633	1,475,074
(Increase) decrease in:		
Accounts receivable, net	(341,820)	(586,835)
Prepaid expenses	300,963	(112,340)
Inventory	131,781	104,438
Increase (decrease) in:		
Accounts payable	(222,070)	(1,087,650)
Deferred revenue	449,686	1,772,863
Other postemployment benefit liability	6,828,715	6,747,956
Supplemental employee retirement plan liability	1,316,299	-
Compensated absences	(37,805)	(29,649)
Amounts held in trust custody on behalf of others	76,336	(338,937)
Net cash used by operating activities	\$ (93,718,025)	\$ (91,623,942)
 COMPONENTS OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 1,336,718	\$ 6,716,058
Restricted cash	21,228,666	20,630,801
Restricted cash and cash equivalents, noncurrent	45,358,268	143,289,454
Total cash and cash equivalents	\$ 67,923,652	\$ 170,636,313

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 except for money market mutual funds held in the Bookstore Fund. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 Statements 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 50% depending on the age of the outstanding receivables. The allowance was estimated at \$783,609 and \$592,000 for the years ended June 30, 2010 and 2009, respectively.

PREPAID EXPENSES

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

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 and improvements, 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 represent funds held by the District for the associated students trust fund, student representation fee trust fund and other trust funds.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 and \$247,207 for the years ended June 30, 2010 and 2009, respectively and is included in interest expense.

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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fees revenue are reported net of scholarship discounts and allowances in the Statements 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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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.

RECLASSIFICATIONS

Certain reclassifications have been made to prior year amounts to conform with current year presentation.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 2 CASH AND INVESTMENTS

The cash and investments as of June 30, 2010 and 2009, are displayed on the Statements of Net Assets as follows:

	June 30,	
	2010	2009
Current:		
Cash and cash equivalents	\$ 1,336,718	\$ 6,716,058
Investments	384,797	702,248
Restricted cash and cash equivalents	21,228,666	20,630,801
Noncurrent:		
Restricted cash and cash equivalents	45,358,268	143,289,454
Restricted investments	<u>233,489,104</u>	<u>222,131,054</u>
Total cash and investments	<u>\$ 301,797,553</u>	<u>\$ 393,469,615</u>

Cash – At June 30, 2010 and 2009, the carrying amount of the District's cash is summarized as follows:

	June 30,	
	2010	2009
Cash in County Treasury	\$ 58,660,069	\$ 163,378,536
Cash on hand and in banks	<u>9,263,583</u>	<u>7,257,777</u>
Total deposits	<u>\$ 67,923,652</u>	<u>\$ 170,636,313</u>

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 \$850,000 and \$900,000 of the District bank balances are insured at June 30, 2010 and June 30, 2009, respectively.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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

As of June 30, 2010 and 2009, the District's investments are as follows:

	June 30,	
	2010	2009
U.S. Treasury obligations	\$ 434,721	\$ 435,239
Money market mutual funds	384,797	702,248
Repurchase agreements	<u>233,054,383</u>	<u>221,695,815</u>
Total investments	<u>\$ 233,873,901</u>	<u>\$ 222,833,302</u>

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.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 2 CASH AND INVESTMENTS
 (Continued)

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.

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
Money market mutual funds	N/A
U.S. Treasury obligations	0.10
Repurchase agreements (authorized under debt agreement)	5.85
County Treasurer's investment pool	0.93

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)
Money market mutual funds	None	N/A
U.S. Treasury obligations	None	AAA
Repurchase agreements	AA	AAA
County Treasurer's investment pool	None	N/A

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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, 2010, 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, 2010 and 2009, consist of the following:

	June 30,	
	2010	2009
Tuition and fees	\$ 3,391,136	\$ 2,852,722
Less allowance for doubtful accounts	783,609	592,000
Tuition and fees, net	2,607,527	2,260,722
Federal grants and contracts	1,020,156	880,551
State grants and contracts	695,045	717,195
Local grants and contracts	1,999,155	1,936,623
State apportionment	10,741,065	9,141,484
State lottery	779,298	854,572
State taxes and other revenues	373,325	2,464,618
Investment income	95,953	756,183
Other	-	122,440
Total	\$ 18,311,524	\$ 19,134,388

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, is summarized as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable capital assets:					
Land	\$ 6,508,633	\$ -	\$ -	\$ -	\$ 6,508,633
Construction in progress	<u>181,145,916</u>	<u>21,477,019</u>	<u>-</u>	<u>(143,734,246)</u>	<u>58,888,689</u>
Total nondepreciable capital assets	\$ <u>187,654,549</u>	\$ <u>21,477,019</u>	\$ <u>-</u>	\$ <u>(143,734,246)</u>	\$ <u>65,397,322</u>
Depreciable capital assets:					
Site improvements	\$ 4,277,351	\$ 1,263,220	\$ -	\$ 28,436,351	\$ 33,976,922
Buildings and improvements	133,100,553	62,196,877	-	115,297,895	310,595,325
Furniture and equipment	<u>9,550,031</u>	<u>1,591,066</u>	<u>-</u>	<u>-</u>	<u>11,141,097</u>
	<u>146,927,935</u>	<u>65,051,163</u>	<u>-</u>	<u>143,734,246</u>	<u>355,713,344</u>
Less accumulated depreciation:					
Site improvements	1,183,555	3,063,426	-	-	4,246,981
Buildings and improvements	33,720,704	3,494,690	-	-	37,215,394
Furniture and equipment	<u>6,012,946</u>	<u>1,125,213</u>	<u>-</u>	<u>-</u>	<u>7,138,159</u>
	<u>40,917,205</u>	<u>7,683,329</u>	<u>-</u>	<u>-</u>	<u>48,600,534</u>
Total depreciable capital assets, net	\$ <u>106,010,730</u>	\$ <u>57,367,834</u>	\$ <u>-</u>	\$ <u>143,734,246</u>	\$ <u>307,112,810</u>

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	\$ 6,508,633	\$ -	\$ -	\$ -	\$ 6,508,633
Construction in progress	<u>64,836,625</u>	<u>116,483,088</u>	<u>-</u>	<u>(173,797)</u>	<u>181,145,916</u>
Total nondepreciable capital assets	\$ <u>71,345,258</u>	\$ <u>116,483,088</u>	\$ <u>-</u>	\$ <u>(173,797)</u>	\$ <u>187,654,549</u>
Depreciable capital assets:					
Site improvements	\$ 4,112,611	\$ 11,596	\$ -	\$ 153,144	\$ 4,277,351
Buildings and improvements	131,836,625	1,243,275	-	20,653	133,100,553
Furniture and equipment	<u>14,091,505</u>	<u>1,047,437</u>	<u>(5,588,911)</u>	<u>-</u>	<u>9,550,031</u>
	<u>150,040,741</u>	<u>2,302,308</u>	<u>(5,588,911)</u>	<u>173,797</u>	<u>146,927,935</u>
Less accumulated depreciation:					
Site improvements	741,370	442,185	-	-	1,183,555
Buildings and improvements	31,350,201	2,370,503	-	-	33,720,704
Furniture and equipment	<u>10,133,337</u>	<u>1,088,508</u>	<u>(5,208,899)</u>	<u>-</u>	<u>6,012,946</u>
	<u>42,224,908</u>	<u>3,901,196</u>	<u>(5,208,899)</u>	<u>-</u>	<u>40,917,205</u>
Total depreciable capital assets, net	\$ <u>107,815,833</u>	\$ <u>(1,598,888)</u>	\$ <u>(380,012)</u>	\$ <u>173,797</u>	\$ <u>106,010,730</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 5 ACCOUNTS PAYABLE

Accounts payable at June 30, 2010 and 2009, consist of the following:

	June 30,	
	2010	2009
Accrued payroll and related liabilities	\$ 3,289,622	\$ 3,542,549
Construction payables	9,148,060	17,629,988
Other vendors	<u>3,474,136</u>	<u>3,443,279</u>
Total	<u>\$ 15,911,818</u>	<u>\$ 24,615,816</u>

NOTE 6 DEFERRED REVENUE

Deferred revenue at June 30, 2010 and 2009, consist of the following:

	June 30,	
	2010	2009
Tuition and fees	\$ 4,012,887	\$ 3,393,976
State grants and contracts	1,317,659	1,800,254
Local grants and contracts	1,090,352	776,982
State revenues, capital	<u>76,795</u>	<u>217,854</u>
Total	<u>\$ 6,497,693</u>	<u>\$ 6,189,066</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Accretion/ Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term Debt:				
Revenue bonds	\$ 4,830,000	\$ -	\$ 165,000	\$ 4,665,000
General obligation bonds	534,715,104	15,626,876	7,345,000	542,996,980
Notes payable	<u>120,000</u>	<u>-</u>	<u>30,000</u>	<u>90,000</u>
Total	\$ <u>539,665,104</u>	\$ <u>15,626,876</u>	\$ <u>7,540,000</u>	\$ <u>547,751,980</u>
Other Long-term Liabilities:				
Compensated absences	\$ 1,986,032	\$ -	\$ 37,805	\$ 1,948,227
Supplemental employee retirement plan	-	2,451,579	569,479	1,882,100
Other postemployment benefit obligation	<u>6,747,956</u>	<u>6,828,715</u>	<u>-</u>	<u>13,576,671</u>
Total	\$ <u>8,733,988</u>	\$ <u>9,280,294</u>	\$ <u>607,284</u>	\$ <u>17,406,998</u>

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

	<u>Beginning Balance</u>	<u>Accretion/ Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
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	<u>150,000</u>	<u>-</u>	<u>30,000</u>	<u>120,000</u>
Total	\$ <u>531,257,275</u>	\$ <u>14,937,829</u>	\$ <u>6,530,000</u>	\$ <u>539,665,104</u>
Other Long-term Liabilities:				
Compensated absences	\$ 2,015,681	\$ -	\$ 29,649	\$ 1,986,032
Other postemployment benefit obligation	<u>-</u>	<u>6,747,956</u>	<u>-</u>	<u>6,747,956</u>
Total	\$ <u>2,015,681</u>	\$ <u>6,747,956</u>	\$ <u>29,649</u>	\$ <u>8,733,988</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 LONG-TERM LIABILITIES
(Continued)

Long-term debt consists of the following individual debt issues at June 30, 2010 and 2009:

	June 30,	
	2010	2009
<u>Revenue Bonds</u>		
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%.	\$ <u>4,665,000</u>	\$ <u>4,830,000</u>
Total revenue bonds	<u>4,665,000</u>	<u>4,830,000</u>
<u>General Obligation Bonds</u>		
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%.	<u>1,095,000</u>	<u>1,620,000</u>
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%.	92,320,000	98,360,000
Capital appreciation bond discount net of issuance premium	<u>(2,878,197)</u>	<u>(3,778,930)</u>
Total 2006 General Obligation Refunding Bonds	<u>89,441,803</u>	<u>94,581,070</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 LONG-TERM LIABILITIES
(Continued)

	June 30,	
	2010	2009
<u>General Obligation Bonds</u> (Continued)		
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%.	321,930,000	322,710,000
Capital appreciation bond discount net of issuance premium	<u>(75,614,349)</u>	<u>(80,299,245)</u>
Total 2006 General Obligation Bonds Series B	<u>246,315,651</u>	<u>242,410,755</u>
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	849,250,000
Capital appreciation bond discount net of issuance premium	<u>(643,105,474)</u>	<u>(653,146,721)</u>
Total 2006 General Obligation Bonds Series C	<u>206,144,526</u>	<u>196,103,279</u>
Total general obligation bonds	<u>542,996,980</u>	<u>534,715,104</u>
<u>Notes Payable</u>		
The District has two notes payable to the Office of California Department of Education, payable in annual installments of \$30,000, no interest.	<u>90,000</u>	<u>120,000</u>
Total long-term debt	547,751,980	539,665,104
Less current portion	<u>8,470,000</u>	<u>7,540,000</u>
Total long-term debt, noncurrent portion	\$ <u>539,281,980</u>	\$ <u>532,125,104</u>

General Obligation Bonds balances include \$61,011,156 and \$43,720,396 of accumulated accreted interest on the capital appreciation portions of these bonds at June 30, 2010 and 2009, respectively.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 LONG-TERM LIABILITIES
(Continued)

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
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	200,000	188,200	388,200
2016 – 2020	1,170,000	780,500	1,950,500
2021 – 2025	1,485,000	457,665	1,942,665
2026 – 2028	<u>1,085,000</u>	<u>83,125</u>	<u>1,168,125</u>
Total	<u>\$ 4,665,000</u>	<u>\$ 2,342,590</u>	<u>\$ 7,007,590</u>

General Obligation Bonds

Year Ended June 30,	Principal	Accreted Interest	Current Interest	Total
2011	\$ 8,082,805	\$ 187,195	\$ 9,331,400	\$ 17,601,400
2012	8,900,451	349,549	9,023,462	18,273,462
2013	7,562,910	2,742,090	8,791,925	19,096,925
2014	6,018,527	5,171,473	8,726,925	19,916,925
2015	6,111,389	5,858,611	8,726,925	20,696,925
2016 – 2020	47,666,416	26,083,584	41,899,812	115,649,812
2021 – 2025	58,644,237	47,690,763	34,141,625	140,476,625
2026 – 2030	90,341,404	48,703,596	31,801,700	170,846,700
2031 – 2035	106,519,201	94,830,799	5,522,500	206,872,500
2036 – 2040	53,573,751	197,026,249	-	250,600,000
2041 – 2045	50,255,452	253,464,548	-	303,720,000
2046 – 2047	<u>19,225,583</u>	<u>119,584,417</u>	-	<u>138,810,000</u>
Total	<u>\$ 462,902,126</u>	<u>\$ 801,692,874</u>	<u>\$ 157,966,274</u>	1,422,561,274
Less current interest				(157,966,274)
Less unaccreted interest, net of unamortized premium				<u>(721,598,020)</u>
Net outstanding debt at June 30, 2010				<u>\$ 542,996,980</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 7 LONG-TERM LIABILITIES
 (Continued)

Notes Payable

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2011	\$ 30,000
2012	30,000
2013	<u>30,000</u>
Total	\$ <u>90,000</u>

Termination Benefits

On October 6, 2010, the Board approved implementation of a voluntary Supplemental Employee Retirement Plan (SERP) for the purpose of encouraging eligible employees considering an early leave decision to accelerate their retirement plans. Eligible employees included those age 55 with at least 10 years of service with the District. Fifty employees elected to voluntarily resign from the District's employment no later than December 31, 2009.

Under the SERP, the fifty retirees will receive an annuity purchased by the District at a cost of 65% of the eligible employee's base salary. The annuity will provide a monthly benefit depending on the employee's age and the benefit option chosen by the employee. The District is paying for the annuities over a 5 year period. The cost to the District of \$2,451,579, represents the present value of the future payments assuming a .65% discount rate.

The annual payments under the annuity contracts purchased are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2011	\$ 569,479
2012	569,479
2013	385,722
2014	<u>385,722</u>
Total	1,910,402
Less discount to present value	<u>(28,302)</u>
Present value	\$ <u>1,882,100</u>

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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. Defeased bonds outstanding at June 30, 2010 and 2009, were \$78,165,000 and \$79,950,000, respectively.

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 each of the years ended June 30, 2010 and 2009, was \$10,613,959, and contributions made by the District during the years ended June 30, 2010 and 2009 were \$4,122,642 and \$3,866,003, respectively. This resulted in a net OPEB obligation of \$13,576,671 and \$6,747,956 at June 30, 2010 and 2009, respectively. 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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 8 PENSION PLANS
(Continued)

A. Plan Descriptions and Provisions (Continued)

2. *California Public 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 years ended June 30, 2010 and 2009 were 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.

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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 years ended June 30, 2010 and 2009, were 9.709% and 9.428% 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,		
	2008	2009	2010
STRS	\$ 2,936,235	\$ 3,014,980	\$ 2,970,002
PERS	<u>2,317,375</u>	<u>2,450,157</u>	<u>2,534,663</u>
Total	<u>\$ 5,253,610</u>	<u>\$ 5,465,137</u>	<u>\$ 5,504,665</u>

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, 2010, 2009 and 2008 are estimated to have been \$1,607,633, \$1,475,074 and \$1,603,496, 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, 2010, 2009 and 2008.

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 years ended June 30, 2010 and 2009, the District contracted with the Statewide Association of Community Colleges (SWACC) joint powers authority (JPA) 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 the fiscal years ended June 30, 2010 and 2009, the District was a member of the Protected Insurance Program for Schools (PIPS) joint powers authority (JPA), a self-insurance program that is reinsured to the first dollar. The intent of the JPA is to achieve lower costs by virtue of membership in a group that has significant purchasing leverage by way of its size (in excess of \$9.5 billion in payroll) and through the application of innovative cost control techniques such as medical cost management and legal cost management. While the group is comprised of both K-12 and community college districts, community colleges are rated separately. The collective experience of the community college members is utilized to develop a base rate for all community college members. Each individual member is then separately rated to determine their specific rate, which is then applied to their estimated payroll for the program year. Membership in the JPA is limited to K-12 and community college districts that can meet the selection criteria.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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 362 retirees currently receiving benefits and 631 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 years ended June 30, 2010 and 2009, the District contributed \$4,122,642 and \$3,866,003 respectively to the Plan.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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 years ended June 30, 2010 and 2009, the amounts actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan.

	<u>2010</u>	<u>2009</u>
Annual required contribution	\$ 10,613,959	\$ 10,613,959
Interest cost on net OPEB obligation from prior year	337,398	-
Annual OPEB costs	<u>10,951,357</u>	<u>10,613,959</u>
Contributions made	<u>(4,122,642)</u>	<u>(3,866,003)</u>
Increase in net OPEB obligation	6,828,715	6,747,956
Net OPEB obligation, beginning of the year	<u>6,747,956</u>	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 13,576,671</u>	<u>\$ 6,747,956</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Annual OPEB cost	\$ 10,951,357	\$ 10,613,959
Percentage of annual OPEB costs contributed	38%	36%
Net OPEB obligation	\$ 13,576,671	\$ 6,747,956

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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

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%
Covered payroll	\$ 54,644,319
UAAL as a percentage of covered payroll	216%

As of June 30, 2010 and 2009, the District had 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.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

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

E. Actuarial Methods and Assumptions (Continued)

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 unfunded. 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.

NOTE 12 COMMITMENTS

As of June 30, 2010, the District had the following commitments with respect to unfinished capital projects:

District-wide:

Information Technology & Tech Upgrades	\$ 72,393
Classroom, Lab Equipment, Chabot College	110,277
Classroom, Lab Equipment, Las Positas College	145,863
On-Going Maint & Repairs: Roofs, HVAC	215,608
M&O Equipment	127,638
Program Level Services, District	8,470
Dublin Education Center	225,849
Property Acquisition – Inman	<u>41,200</u>
District-wide Totals	<u>947,298</u>

Chabot College:

Library Building - 100	1,673
Administration Building - 200	5,171
Classroom Buildings 300, 500	180,410
Instructional Office Building 400	67,461
Classroom Buildings 800, 900, 1000	47,856
Buildings - 1100, 1500, 2000	6,855
Buildings - 1200, 1300, PAC Plaza	576,706
Industrial Technology Buildings – 1400, 1600	95,783
Classroom Buildings – 1700, 1800	711,536
Science Lecture Hall / Planetarium	167,462
Health Science Building - 2200	89,960

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 12 COMMITMENTS
 (Continued)

Chabot College: (Continued)

Building 3400, Reprographics Center	546
Community and Student Services Center	399,904
Physical Education Complex Buildings	725,152
PE Complex - Strength & Fitness Center, Building 4000	5,570,805
Athletic Fields / Tennis Courts	20,500
Temporary Faculty Offices	150
Classroom/Lab Equipment & Library Materials	614,826
CC Project & Construction Management	164,538
Central Plant (Mech Conv Def Bldgs/IT Infrastructure)	1,751,849
Parking Lots A & B and G & H	154,185
Soccer Field Improvements	369,497
Swimming Pool	4,447
Miscellaneous Site Work / Campus Security	47,870
Photo Voltaic Project	<u>217,757</u>
Chabot College Totals	<u>11,992,899</u>

Las Positas College:

Multi-Disciplinary Education Building	276,188
Multi-Disciplinary Education Building - Repairs	19,308
Child Development Center	2,311,834
College Center for Arts	1,216,983
Science & Technology	405,533
PE Complex (Gym)	5
PE Complex (Gym) - Repairs	46,774
Student Services & Central Administration	1,015,939
Buildings - 500,600,700,1700, Renovations	2,321,427
Renovations	21,367
Maintenance and Operations Facility	16,020
LPC Instructional Equipment	31,945
Central Utility Plant	1,017,875
District-wide Information Technology Building	132,554
LPC Program & Construction Management	270,442
Campus Entry Enhancements	7,325
Campus Boulevard Phases I-III	70,877
PE Phase III (Outside Loop Road)	3,782,320
Aquatic Center & Soccer Fields	46,527
EIR Services	19,036

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010 AND 2009

NOTE 12 COMMITMENTS
 (Continued)

Las Positas College: (Continued)	
Utilities Infrastructure Upgrade	113,680
Parking Lot H & Solar PV System	80,817
Fire Alarm/Security Upgrade	<u>134,442</u>
Las Positas College Totals	<u>13,359,218</u>
District Total	\$ <u>26,299,415</u>

NOTE 13 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2010, the District determined that the capitalization policy for bond fund expenditures had not been correctly applied. This required a reclassification between nondepreciable and depreciable capital assets and adjustments for amounts previously expensed which should have been capitalized along with related depreciation on these corrected amounts.

Net assets at June 30, 2009 have been restated from amounts previously reported to reflect the retroactive net charge of \$246,855 due to the mis-application of the capitalization policy. Of this amount \$1,970,951 is applicable to the year ended June 30, 2009 and has been reflected as an increase in operating expenses for that year. The balance (applicable to years prior to June 30, 2009) increased net assets at July 1, 2008 by \$1,724,096.

Net assets at June 30, 2009 have been restated from amounts previously reported to reflect the retroactive net charge of \$999,512 due to depreciation expense previously not reported. Of this amount \$248,795 is applicable to the year ended June 30, 2009 and has been reflected as an increase in operating expenses for that year. The balance (applicable to years prior to June 30, 2009) decreased net assets at July 1, 2008 by \$750,717.

Capital assets at June 30, 2009 have been restated for the above amounts as well as certain reclassifications between the nondepreciable and depreciable classifications. The effect was a decrease to nondepreciable capital assets of \$8,012,676 and an increase to depreciable capital assets, net by \$6,766,309. Of these amounts, \$2,006,289 and \$(213,457), respectively, are applicable to the year ended June 30, 2009. The balances (applicable to years prior to June 30, 2009) were recorded as a decrease to depreciable capital assets and an increase to nondepreciable capital asset balances at July 1, 2008 by \$6,006,387 and \$6,979,766, respectively.

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 ORGANIZATION
 JUNE 30, 2010

BOARD OF TRUSTEES

Name	Office	Term Expires
Mr. Donald L. "Dobie" Gelles	President	2014
Dr. Barbara Mertes	Secretary	2012
Dr. Arnulfo Cedillo	Member	2012
Ms. Isobel F. Dvorsky	Member	2014
Dr. Hal G. Gin	Member	2014
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, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
<u>FEDERAL EXPENDITURES:</u>		
<u>Department of Agriculture:</u>		
Passed through State Department of Education - Child and Adult Care Food Program	10.558	\$ 103,299
Total Department of Agriculture		<u>103,299</u>
<u>U.S. Department of Labor:</u>		
Passed through County of Alameda -		
Workforce Investment Act Adult Program	17.258	150,948
Workforce Investment Act Adult Program, Recovery Act	17.258	57,972
Workforce Investment Act Dislocated Workers	17.260	333,524
Workforce Investment Act Dislocated Workers	17.260	<u>86,329</u>
Total Department of Labor		<u>628,773</u>
<u>Department of Education:</u>		
Financial Aid Cluster		
Federal Supplemental Educational Opportunity Grants	84.007	242,010
Federal Family Education Loans	84.032	-
Federal Work-Study Program	84.033	284,071
Federal Pell Grant Program	84.063	16,575,437
Academic Competitiveness Grant	84.375	157,942
Federal Financial Aid Administrative Cost Allowance	84.063	<u>45,393</u>
Total Student Financial Aid Cluster		17,304,853
TRIO Cluster		
TRIO - Student Support Services	84.042	321,189
TRIO - Talent Search	84.044	<u>183,382</u>
Total TRIO Cluster		504,571
Title III - Higher Education Institutional Aid	84.031	356,982
Fund for the Improvement of Postsecondary Education	84.116	158,199
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	34,558
Child Care Access Means Parents in School	84.335	21,212
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	358,090
Passed through California Community Colleges Chancellor's Office - Vocational Education - Basic Grants to States	84.048	939,241

(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, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Disbursements/ Expenditures
<u>FEDERAL EXPENDITURES:</u> (Continued)		
<u>Department of Education:</u>		
Passed through State of California - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	84.390A	<u>12,762</u>
Total Department of Education		<u>19,690,468</u>
<u>Department of Health and Human Services:</u>		
Passed through California Community Colleges Chancellor's Office - Temporary Assistance for Needy Families (TANF) Child, Family and Community Services - Head Start Foster Care-Title IV-E	93.558 93.600 93.658	153,375 501,934 <u>13,484</u>
Total Department of Health and Human Services		<u>668,793</u>
Total Federal Expenditures		<u>\$ 21,091,333</u>

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, 2010

Description	Program Revenues			Total	Total Program Expenditures
	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income		
EOPS	\$ 609,752	\$ -	\$ 70,711	\$ 680,463	\$ 680,463
DSPS	1,028,318	-	31,998	1,060,316	1,060,316
CalWorks	340,648	49,327	-	389,975	389,975
TTIP	-	-	43,330	43,330	43,330
Basic Skills	234,009	-	(28,856)	205,153	205,153
Articulation	-	-	4,426	4,426	4,426
CARE	90,670	-	1,298	91,968	91,968
BFAP	552,167	-	12,294	564,461	564,461
Matriculation	598,623	-	45,051	643,674	643,674
Faculty and Staff Diversity	8,335	-	-	8,335	8,335
Economic Development - Nursing Equipment	-	-	55,904	55,904	55,904
Economic Development - Workplace Learning Center	117,358	(16,961)	-	100,397	100,397
Economic Development - Job Development Training	172,270	-	51,870	224,140	224,140
Career Tech 07-08	-	-	256,668	256,668	256,668
Career Tech 07-08 Supplement	-	-	88,090	88,090	88,090
Career Tech 08-09	-	-	187,464	187,464	187,464
Career Tech 08-09 Supplement	-	-	64,289	64,289	64,289
Career Tech Nursing Education	93,483	-	-	93,483	93,483
Career Tech 09-10	310,000	-	(277,895)	32,105	32,105
Career Tech 09-10 Supplement	79,000	-	(62,694)	16,306	16,306
Career Tech Educ-Tech Prep LPC	89,532	(26,453)	-	63,079	63,079
CDE Tech Prep MOU	-	-	554	554	554
Foster Care, CC	155,201	(37,727)	-	117,474	117,474
Foster Care, LPC	168,208	(36,023)	(1,822)	130,363	130,363

(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, 2010

Description	Program Revenues			Total	Total Program Expenditures
	Cash Received	Increase (Decrease) Accounts Receivable	(Increase) Decrease in Deferred Income		
Child Development Training Consortium - CC	24,350	(4,350)	-	20,000	20,000
Child Development Training Consortium - LPC	7,225	5,263	-	12,488	12,488
CARI, CC (State Portion)	2,875	271	-	3,146	3,146
West Ed Prep Grant, CC	6,000	(6,000)	-	-	-
Pride Pre Training	16,940	(859)	-	16,081	16,081
CAHSEE Grant	150,000	82,513	-	232,513	232,513
Song Brown Nursing - CC	52,486	17,514	(70,000)	-	-
Department of Rehab - Workability	97,079	(2,246)	-	94,833	94,833
Bay Project/College Foundation	70,180	(6,250)	-	63,930	63,930
Quick Start Allied Health - LPC	63,884	(63,884)	-	-	-
IDRC Surgical Tech	110,589	(51,268)	4,904	64,225	64,225
West Ed Personnel Grant	6,000	(6,000)	-	-	-
Summer Youth Work Program	49,950	-	(719)	49,231	49,231
TANF CDC - CC	18,851	13,673	-	32,524	32,524
TANF CDC - LPC	13,212	3,150	-	16,362	16,362
Tech Mentor	499	-	-	499	499
Lottery	256,298	63,133	-	319,431	319,431
CDC CACFP Food Program	(2,123)	9,076	-	6,953	6,953
CDC State Preschool - Part Day	313,365	-	-	313,365	313,365
CDC State Preschool - Wrap Around	404,652	-	-	404,652	404,652
CDC Tri Cities Children's Center	172,408	(10,901)	-	161,507	161,507
CDC State Preschool Materials	2,082	-	-	2,082	2,082
CDC West Ed PITC Program	35,000	-	-	35,000	35,000
CDC Facility Repair	-	6,005	-	6,005	6,005
Cal Grant - CC	614,939	740	-	615,679	615,679
Cal Grant - LPC	203,762	-	-	203,762	203,762
Instructional Equipment	-	-	141,058	141,058	141,058
Renovation of Bldgs 800/900 CC	166,894	-	-	166,894	166,894
Renovation of Bldgs 1700/1800 CC	79,000	-	-	79,000	79,000
	<u>\$ 7,583,971</u>	<u>\$ (18,257)</u>	<u>\$ 617,923</u>	<u>\$ 8,183,637</u>	<u>\$ 8,183,637</u>

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, 2010

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2009 Only)			
1. Noncredit	6.17		6.17
2. Credit	1,544.68		1,544.68
B. Summer Intersession (Summer 2010 Prior to July 1, 2010)			
1. Noncredit	11.12		11.12
2. Credit	-		-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	14,620.78		14,620.78
(b) Daily Census Contact Hours	1,758.99		1,758.99
2. Actual Hours of Attendance Procedures Courses			
(a) Noncredit	123.86		123.86
(b) Credit	431.37		431.37
3. Alternative Attendance Accounting Procedure			
(a) Weekly Census Procedure Courses	63.42		63.42
(b) Daily Census Procedure Courses	255.25		255.25
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	<u>18,815.64</u>		<u>18,815.64</u>
Supplemental Information (Subset of above information)			
E. In-Service Training Courses (FTES)	24.57		24.57
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	-		-
2. Credit	<u>1,387.04</u>		<u>1,387.04</u>
	<u>1,411.61</u>		<u>1,411.61</u>

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, 2010

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
June 30, 2010 Annual Financial and Budget Report (CCFS-311) Fund Balance	<u>\$ 7,180,388</u>	<u>\$ 2,148,738</u>	<u>\$ 40,195</u>	<u>\$ -</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:				
Reclassification of amounts held for others	-	-	-	-
Rounding	<u>(64)</u>	<u>(28)</u>	<u>1</u>	<u>9</u>
Net adjustments and reclassifications	<u>(64)</u>	<u>(28)</u>	<u>1</u>	<u>9</u>
June 30, 2010 District Accounting Records Fund Balance	<u><u>\$ 7,180,324</u></u>	<u><u>\$ 2,148,710</u></u>	<u><u>\$ 40,196</u></u>	<u><u>\$ 9</u></u>

(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	General Obligation Bonds Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
<u>\$ 13,855,793</u>	<u>\$ 6,405,493</u>	<u>\$ 264,117,385</u>	<u>\$ 673,865</u>	<u>\$ 3,066,883</u>	<u>\$ 375,115</u>	<u>\$ 249,796</u>
-	-	-	-	-	(378,779)	-
<u>1</u>	<u>(2)</u>	<u>(4)</u>	<u>2</u>	<u>-</u>	<u>3,664</u>	<u>1</u>
<u>1</u>	<u>(2)</u>	<u>(4)</u>	<u>2</u>	<u>-</u>	<u>(375,115)</u>	<u>1</u>
<u><u>\$ 13,855,794</u></u>	<u><u>\$ 6,405,491</u></u>	<u><u>\$ 264,117,381</u></u>	<u><u>\$ 673,867</u></u>	<u><u>\$ 3,066,883</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 249,797</u></u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

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

YEAR ENDED JUNE 30, 2010

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
June 30, 2010 Annual Financial and Budget Report (CCFS-311) Fund Balance	<u>\$ 208,812</u>	<u>\$ 1,956</u>	<u>\$ 708,114</u>	<u>\$ 299,032,533</u>
Adjustment and reclassifications increasing (decreasing) the fund balance:				
Reclassification of amounts held for others	-	(1,956)	(708,109)	(1,088,844)
Rounding	<u>3</u>	<u>-</u>	<u>(5)</u>	<u>3,578</u>
Net adjustments and reclassifications	<u>3</u>	<u>(1,956)</u>	<u>(708,114)</u>	<u>(1,085,266)</u>
June 30, 2010 District Accounting Records Fund Balance	<u><u>\$ 208,815</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 297,947,267</u></u>

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, 2010

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,577,268	\$ -	\$ 39,737	\$ -
Restricted cash and cash equivalents	-	2,626,220	-	-
Accounts receivable, net	14,930,862	2,382,975	459	138,739
Prepaid expenses	606,896	11,217		-
Inventories	-	-		-
Due from other funds	667,949	-		419,168
Total current assets	17,782,975	5,020,412	40,196	557,907
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	-	-
Capital assets, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	\$ 17,782,975	\$ 5,020,412	\$ 40,196	\$ 557,907
LIABILITIES				
Deficit cash balance	\$ -	\$ -	\$ -	\$ 520,885
Accounts payable	5,520,745	680,024	-	36,585
Deferred revenue	4,162,253	2,097,763	-	-
Due to other funds	919,653	93,915	-	428
Amounts held for others	-	-	-	-
Total liabilities	10,602,651	2,871,702	-	557,898
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for special purposes	-	2,148,710	-	9
Unreserved:				
Undesignated	7,180,324	-	40,196	-
Total fund equity	7,180,324	2,148,710	40,196	9
Total liabilities and fund equity	\$ 17,782,975	\$ 5,020,412	\$ 40,196	\$ 557,907

(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	General Obligation Bonds Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
\$ -	\$ -	\$ -	\$ 625,395	\$ -	\$ -	\$ -
13,835,805	-	-	-	3,058,328	438,490	223,323
19,989	392,491	71,074	114,336	8,748	-	207,108
-	-	33,512	15,260	-	-	-
-	-	-	665,706	-	-	-
-	474,122	211,374	1,683	-	1,943	83,132
<u>13,855,794</u>	<u>866,613</u>	<u>315,960</u>	<u>1,422,380</u>	<u>3,067,076</u>	<u>440,433</u>	<u>513,563</u>
-	5,897,891	272,949,481	-	-	-	-
-	-	-	3,954	-	-	-
-	5,897,891	272,949,481	3,954	-	-	-
<u>\$ 13,855,794</u>	<u>\$ 6,764,504</u>	<u>\$ 273,265,441</u>	<u>\$ 1,426,334</u>	<u>\$ 3,067,076</u>	<u>\$ 440,433</u>	<u>\$ 513,563</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,822	9,148,060	311,003	193	22,272	176,754
-	186,297	-	51,380	-	-	-
-	166,894	-	390,084	-	39,382	87,012
-	-	-	-	-	378,779	-
-	359,013	9,148,060	752,467	193	440,433	263,766
13,855,794	-	-	-	-	-	-
-	6,405,491	264,117,381	-	3,066,883	-	249,797
-	-	-	673,867	-	-	-
<u>13,855,794</u>	<u>6,405,491</u>	<u>264,117,381</u>	<u>673,867</u>	<u>3,066,883</u>	<u>-</u>	<u>249,797</u>
<u>\$ 13,855,794</u>	<u>\$ 6,764,504</u>	<u>\$ 273,265,441</u>	<u>\$ 1,426,334</u>	<u>\$ 3,067,076</u>	<u>\$ 440,433</u>	<u>\$ 513,563</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
 COMBINING BALANCE SHEET - DISTRICT FUNDS
 INCLUDED IN THE REPORTING ENTITY

JUNE 30, 2010

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 2,242,400
Restricted cash and investments	236,230	1,956	808,314	21,228,666
Accounts receivable, net	42,317	-	2,426	18,311,524
Prepaid expenses	-	-	-	666,885
Inventories	-	-	-	665,706
Due from other funds	10,017	-	12,248	1,881,636
Total current assets	288,564	1,956	822,988	44,996,817
Noncurrent assets:				
Restricted cash and investments	-	-	-	278,847,372
Capital assets, net	-	-	-	3,954
Total noncurrent assets	-	-	-	278,851,326
Total assets	\$ 288,564	\$ 1,956	\$ 822,988	\$ 323,848,143
LIABILITIES				
Deficit cash balance	\$ -	\$ -	\$ -	\$ 520,885
Accounts payable	17,413	-	5,939	15,924,810
Deferred revenue	-	-	-	6,497,693
Due to other funds	62,336	-	108,940	1,868,644
Amounts held for others	-	1,956	708,109	1,088,844
Total liabilities	79,749	1,956	822,988	25,900,876
FUND EQUITY:				
Fund balances:				
Reserved for debt service	-	-	-	13,855,794
Reserved for special purposes	208,815	-	-	276,197,086
Unreserved:				
Undesignated	-	-	-	7,894,387
Total fund equity	208,815	-	-	297,947,267
Total liabilities and fund equity	\$ 288,564	\$ 1,956	\$ 822,988	\$ 323,848,143

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, 2010

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
OPERATING REVENUES				
Tuition and fees	\$ 14,047,628	\$ 1,747,773	\$ -	\$ 170,784
Less: scholarship discount and allowance	4,589,733	-	-	-
Net tuition and fees	9,457,895	1,747,773	-	170,784
Grants and contracts, non-capital:				
Federal	363,762	3,081,647	-	626,445
State	275,343	5,728,250	-	929,564
Local	5,094,815	1,455,794	-	-
Auxiliary enterprise sales and charges	-	-	-	-
Other operating revenues	-	-	-	-
Total operating revenues	15,191,815	12,013,464	-	1,726,793
OPERATING EXPENDITURES/EXPENSES				
Academic salaries	43,604,048	1,940,716	-	5,925
Classified salaries	22,121,026	4,920,096	18,439	1,453,316
Employee benefits	22,484,679	1,515,210	11,963	517,180
Supplies and materials	1,829,224	885,019	-	90,207
Other operating expenses	11,175,747	2,697,885	-	26,278
Capital outlay	238,951	454,508	-	-
Depreciation	-	-	-	-
Total operating expenditures/expenses	101,453,675	12,413,434	30,402	2,092,906
OPERATING INCOME (LOSS)	(86,261,860)	(399,970)	(30,402)	(366,113)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	52,639,692	-	-	-
Local property taxes	25,010,057	-	-	-
State taxes and other revenues	2,001,286	319,431	-	(35,330)
Investment income	43,843	-	298	(4,268)
Debt service - principal	-	-	-	(30,000)
Debt service - interest	-	-	-	-
Other non-operating expenditures/expenses	1,980,385	122,712	25,960	-
Total non-operating revenues (expenditures/expenses)	81,675,263	442,143	26,258	(69,598)

(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	General Obligation Bonds Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17,020,783
-	-	-	-	-	-	818,230
-	-	-	-	-	-	-
-	-	-	3,765,535	-	-	-
-	-	-	-	3,986,374	-	-
-	-	-	3,765,535	3,986,374	-	17,839,013
-	12,318	-	-	-	-	-
-	24,408	803,996	693,628	-	-	-
-	1,382	281,735	235,164	-	-	-
-	-	18,526	2,641,947	-	-	-
3,045	14,923	710,980	191,015	4,122,642	-	18,050,727
-	464,238	90,316,493	-	-	-	-
-	-	-	4,421	-	-	-
3,045	517,269	92,131,730	3,766,175	4,122,642	-	18,050,727
(3,045)	(517,269)	(92,131,730)	(640)	(136,268)	-	(211,714)
-	-	-	-	-	-	-
17,584,579	-	-	-	-	-	-
-	-	-	-	-	-	-
49,102	38,396	12,036,639	803	10,878	-	(47)
(7,345,000)	-	(165,000)	-	-	-	-
(9,601,475)	(21,543)	(225,188)	-	-	-	-
-	474,122	-	46,071	-	-	-
687,206	490,975	11,646,451	46,874	10,878	-	(47)

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, 2010

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund
Income (loss) before other revenues and expenditures/expenses	(4,586,597)	42,173	(4,144)	(435,711)
OTHER REVENUES AND EXPENDITURES				
Gifts and grants, capital	-	141,059	-	-
Excess of revenues over (under) expenditures/expenses	(4,586,597)	183,232	(4,144)	(435,711)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	85,287,685	540,552	-	419,169
Operating transfers out	(85,930,582)	(857,486)	-	-
Total other financing sources (uses)	(642,897)	(316,934)	-	419,169
Excess of revenues and other financing sources over (under) expenditures/expenses and other financing uses	(5,229,494)	(133,702)	(4,144)	(16,542)
FUND EQUITY, BEGINNING OF YEAR	12,409,818	2,282,412	44,340	16,551
FUND EQUITY, END OF YEAR	\$ 7,180,324	\$ 2,148,710	\$ 40,196	\$ 9

(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	General Obligation Bonds Fund	Bookstore Fund	Self-Insurance Fund	Associated Students Trust Fund	Student Financial Aid Trust Fund
684,161	(26,294)	(80,485,279)	46,234	(125,390)	-	(211,761)
-	245,894	-	-	-	-	-
684,161	219,600	(80,485,279)	46,234	(125,390)	-	(211,761)
-	21,194	-	19,264	505,000	-	219,354
-	-	-	(48,128)	-	-	(81,521)
-	21,194	-	(28,864)	505,000	-	137,833
684,161	240,794	(80,485,279)	17,370	379,610	-	(73,928)
13,171,633	6,164,697	344,602,660	656,497	2,687,273	-	323,725
<u>\$ 13,855,794</u>	<u>\$ 6,405,491</u>	<u>\$ 264,117,381</u>	<u>\$ 673,867</u>	<u>\$ 3,066,883</u>	<u>\$ -</u>	<u>\$ 249,797</u>

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, 2010

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
OPERATING REVENUES				
Tuition and fees	\$ -	\$ -	\$ -	\$ 15,966,185
Less: scholarship discount and allowance	-	-	-	4,589,733
Net tuition and fees	-	-	-	11,376,452
Grants and contracts, non-capital:				
Federal	-	-	-	21,092,637
State	-	-	-	7,751,387
Local	-	-	-	6,550,609
Auxiliary enterprise sales and charges	-	-	-	3,765,535
Other operating revenues	-	-	-	3,986,374
Total operating revenues	-	-	-	54,522,994
OPERATING EXPENDITURES/EXPENSES				
Academic salaries	-	-	-	45,563,007
Classified salaries	-	-	-	30,034,909
Employee benefits	-	-	-	25,047,313
Supplies and materials	-	-	-	5,464,923
Other operating expenses	111,918	-	-	37,105,160
Capital outlay	-	-	-	91,474,190
Depreciation	-	-	-	4,421
Total operating expenditures/expenses	111,918	-	-	234,693,923
OPERATING INCOME (LOSS)	(111,918)	-	-	(180,170,929)
NON-OPERATING REVENUES (EXPENDITURES)				
State apportionments, non-capital	-	-	-	52,639,692
Local property taxes	-	-	-	42,594,636
State taxes and other revenues	-	-	-	2,285,387
Investment income	1,347	-	-	12,176,991
Debt service - principal	-	-	-	(7,540,000)
Debt service - interest	-	-	-	(9,848,206)
Other non-operating expenditures/expenses	121,944	-	-	2,771,194
Total non-operating revenues (expenditures/expenses)	123,291	-	-	95,079,694

(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, 2010

	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Other Trust Funds	Total
Income (loss) before other revenues and expenditures/expenses	11,373	-	-	\$ (85,091,235)
OTHER REVENUES AND EXPENDITURES				
Gifts and grants, capital	-	-	-	386,953
Excess of revenues over (under) expenditures/expenses	11,373	-	-	(84,704,282)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	87,012,218
Operating transfers out	(3,275)	-	-	(86,920,992)
Total other financing sources (uses)	(3,275)	-	-	91,226
Excess of revenues and other financing sources over (under) expenditures/expenses and other financing uses	8,098	-	-	(84,613,056)
FUND EQUITY, BEGINNING OF YEAR	200,717	-	-	382,560,323
FUND EQUITY, END OF YEAR	<u>\$ 208,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,947,267</u>

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, 2010

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 297,947,267
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Depreciable capitalized assets	\$ 354,784,252	
Accumulated depreciation	<u>(47,675,396)</u>	307,108,856
Nondepreciable capital assets		65,397,322
Deferred costs, net		4,792,019
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accrued interest		(3,973,622)
Long-term debt	(547,751,980)	
Other long-term liabilities	<u>(17,406,998)</u>	<u>(565,158,978)</u>
Net assets reported within the GASB 35 Statement of Net Assets		<u><u>\$ 106,112,864</u></u>

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, 2010

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (84,613,056)
Compensated absence expense reduction reported within GASB 35 Statements	37,805
Depreciation expense reported within GASB 35 Statements	(7,678,908)
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	(15,626,876)
Capital outlay expense not reported within the GASB 35 Statements	86,528,182
Change in accrued interest expense on capital asset related debt reported within the GASB 35 Statements	101,849
Additional expense of other post employment benefits reported within the GASB 35 Statements	(6,828,715)
Employee benefits expense resulting from employees' acceptance of the supplemental employee retirement plan	(1,882,100)
Principal payments on debt not reported within the GASB 35 Statements	<u>7,540,000</u>
Net change in net assets reported within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	<u><u>\$ (22,669,026)</u></u>

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

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, 2010 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, 2010, 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

For the years ended June 30, 2010 and 2009 the District granted \$4,195,400 and \$3,456,945, respectively, in loans under the Federal Family Education Loan Program.

(Continued on following page)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2010

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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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 years ended June 30, 2010 and 2009, which comprise the District's basic financial statements and have issued our report thereon dated November 22, 2010. We conducted our audits 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 Department of Finance.

Internal Control Over Financial Reporting

In planning and performing our audits, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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*.

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, California Community Colleges Chancellor's Office, California 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

November 22, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON 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 could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2010-1. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the responses.

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, California 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

November 22, 2010

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 the Chabot-Las Positas Community College District (District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 2010.

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 California 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

General Directives Testing Structure

1. State General Apportionment Required Data Elements

Administration Testing Structure

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
2. 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, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010.

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

November 22, 2010

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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. No significant deficiency relating to the audit of the financial statements is 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*.
3. No instance of noncompliance material to the financial statements of Chabot-Las Positas Community College District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency relating to the audit of the major federal award programs is reported in the Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. This deficiency is not reported as a material weakness.
5. The Independent Auditors' Report on compliance for the major federal award programs for Chabot-Las Positas Community College District expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
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) Title III Higher Education Institutional Aid (CFDA 84.031). 3) Workforce Investment Act Adult Program (CFDA 17.258) and Workforce Investment Act Dislocated Workers (CFDA 17.260) which together comprise the Workforce Investment Act "cluster" program as defined in the compliance supplement. 4) Head Start (CFDA 93.600). 5) State Fiscal Stabilization Fund – Education State Grants, Recovery Act (CFDA 84.394).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Chabot-Las Positas Community College District was not determined to be a low-risk auditee.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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

2010-1 – Salary Allocation

Criteria or Specific Requirement: OMB Circular A-21 requires that salaries allocated to federal programs be supported by after-the-fact time and effort reports.

Statement of Condition: The District does not have a policy in place to support salary allocations to federal programs by the use of after-the-fact time and effort reporting.

Questioned Cost: None

Cause of Condition: Management was unaware that this policy was necessary.

Effect of Condition: The finding represents a systemic problem. Since the policy was not in place, the issue exists for all federal programs.

Recommendation: The District should prepare a policy to address this finding.

District Response: The District has prepared a procedure to implement this requirement in fiscal year 2010-11. Management is working with information technology staff to gather the data necessary for the personnel activity reports. Management will implement the procedure in fiscal year 2010-11.

D. FINDINGS – STATE COMPLIANCE AUDIT

None

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

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 did not reconcile the interfund accounts to assure they were 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 recommended the District reconcile and adjust all Due To/From balances as of June 30, 2009 and post the necessary adjustments. Further, we recommended the District develop procedures to reconcile Due To/From accounts and interfund transfers accounts on a monthly basis.

Current Status: The District reconciled and adjusted all due to/due from balances as of June 30, 2009 and posted the necessary adjustments. The District has developed a procedure to reconcile the due to/due from accounts and interfund transfers on a monthly basis. Based on this, the recommendation is considered to be implemented.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

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 were included on the fund balance reconciliation page of the report.

Cause of Condition: The District did 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 recommended 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.

Current Status: The District has developed and implemented a procedure for proper recording of retentions payable. The District has implemented a monthly close schedule. The final trial balance submitted to Nystrom & Company LLP for the year ended June 30, 2010 was used to prepare the CCFS-311. Based on this, the recommendation is considered to be implemented.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

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 was not able to produce evidence that material fees charged were in compliance with the applicable CCR section.

Recommendation: We recommended the District develop a method to easily locate source documents that were used to prepare summaries of instructional material fee costs.

Current Status: The District reviewed all instructional material fees. For Chabot College, the District has terminated all instructional material fees and has refunded the students' accounts for all fees charged in 2009-10. For Las Positas College, the District has on file supporting documentation, which substantiates the materials fees. Where the total amount of fees could not be substantiated, the difference was refunded to the students' accounts. Based on this, the recommendation is considered to be implemented.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

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 did not obtain certification that the principal of the K-12 district did not recommend 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 did 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 recommended that the District include an additional paragraph in the authorization form which the principal signs for each K-12 student recommended.

Current Status: The District has placed the appropriate statement on the Concurrent Enrollment Recommendation forms. Based on this, the recommendation is considered to be implemented.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

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 was at risk of noncompliance with open enrollment requirements and had potentially overstated FTES claimed for apportionment.

Recommendation: We recommended 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.

Current Status: The College has included a separate page in the schedule with the law enforcement academy classes, which includes courses, course descriptions, and basic minimum eligibility requirements. The current catalog is 2010-2012, which was published prior to this finding. The next edition of the catalog will reflect all law enforcement academy courses. Based on this, the recommendation is considered to be implemented.