

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**LOS ANGELES COUNTY**

**REPORT ON  
AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
INCLUDING REPORTS ON COMPLIANCE  
June 30, 2009**



**LONG BEACH  
CITY COLLEGE**

LONG BEACH COMMUNITY COLLEGE DISTRICT

AUDIT REPORT  
June 30, 2009

CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	i-xviii
<b>BASIC FINANCIAL STATEMENTS:</b>	
Statement of Net Assets .....	1
Statement of Revenues, Expenses and Changes in Net Assets.....	2
Statement of Cash Flows .....	3-4
Statement of Fiduciary Net Assets.....	5
Statement of Changes in Fiduciary Net Assets.....	6
Statement of Other Postemployment Benefits Plan Net Assets.....	7
Statement of Changes in Other Postemployment Benefits Plan Net Assets.....	8
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	9-43
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Postemployment Healthcare Benefits Funding Progress .....	44
Schedule of Employer Contributions.....	45
Notes to Required Supplementary Information .....	46
<b>SUPPLEMENTARY INFORMATION:</b>	
History and Organization.....	47
Schedule of Expenditures of Federal Awards.....	48-49
Schedule of State Financial Assistance - Grants.....	50
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance .....	51
Reconciliation of Annual Financial and Budget Report with Audited Fund Balances .....	52
Schedule of Financial Trends and Analysis.....	53
Schedule of Budgetary Comparison for the General Fund .....	54
Notes to Supplementary Information.....	55

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**AUDIT REPORT**

**June 30, 2009**

**CONTENTS**

	<u>Page</u>
<b>OTHER INDEPENDENT AUDITORS' REPORTS:</b>	
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.....	56-57
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	58-59
Report on State Compliance .....	60-62
<b>FINDINGS AND RECOMMENDATIONS:</b>	
Schedule of Findings and Questioned Costs – Summary of Auditor Results.....	63
Schedule of Findings and Questioned Costs Related to Financial Statements.....	64
Schedule of Findings and Questioned Costs Related to Federal Awards.....	65
Status of Prior Year Findings and Questioned Costs.....	66
<b>CONTINUING DISCLOSURE INFORMATION .....</b>	<b>67</b>



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Long Beach Community College District  
4901 E. Carson Street  
Long Beach, CA 90808

We have audited the accompanying basic financial statements of the Long Beach Community College District, as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Long Beach Community College District as of June 30, 2009, and the results of its operations, changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

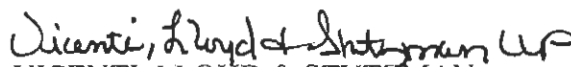
As described in Note 1.C.20 to the financial statements, the Long Beach Community College District adopted the provisions of GASB Statement No. 45, *Financial Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2009.

The Board of Trustees  
Long Beach Community College District

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2009 on our consideration of the Long Beach Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information, such as the management's discussion and analysis and the schedules of funding progress and employer contributions, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Long Beach Community College District's basic financial statements. The supplementary section and continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information, including the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

  
VICENTI, LLOYD & STUTZMAN LLP

November 16, 2009

# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

### **Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the "District") for the year ended June 30, 2009. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

The District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 28,000 students at two campuses, the Liberal Arts Campus and the Pacific Coast Campus, and at various satellite locations. To serve its community, the District offers a comprehensive set of education programs and support services in response to student and community needs and plays a key role in transfer preparation, workforce development, basic skills, associate degrees, English as a Second Language instruction, economic development, and lifelong learning.

### **Accounting Standards**

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which changed the reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and Universities," which applies these reporting standards to public colleges and universities. The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these standards under the Business Type Activity (BTA) model. Nearly all public colleges and universities nationwide have selected the BTA reporting model, which makes it easier to display comparable data. As such, the District uses the BTA model for reporting its financial statements. Under the BTA model state and local taxes and invest income are classified as non-operating revenues.

# LONG BEACH COMMUNITY COLLEGE DISTRICT

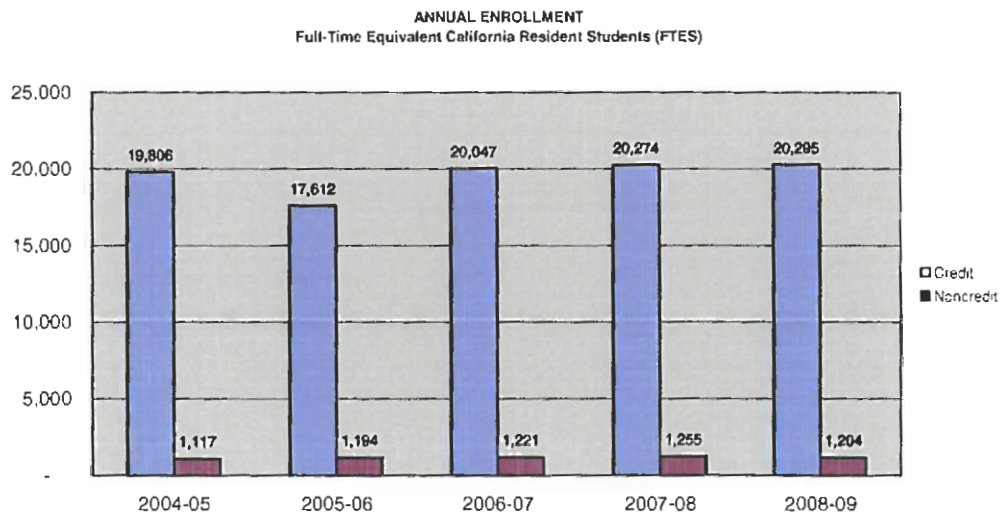
## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

### Selected Highlights

This section is to provide an overview of the District's financial activities. A comparative analysis is included in the Management's Discussion and Analysis using prior year information.

- Cash balance (cash and cash equivalents) current and restricted decreased \$64,214,065 (52.8%) from \$121,509,338 to \$57,295,273.
- Total operating and non-operating revenues increased \$3,559,654 (1.8%) from \$200,672,802 to \$204,232,456.
- In 2008-09 the District's primary funding source was "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is comprised of State apportionment, local property taxes, and student enrollment fees, which were \$20 per unit in the year ending June 30, 2009. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES were 21,499 for the 2008-09 fiscal year.
- Total ending fund balances (modified accrual basis) decreased \$67,419,195 (52.5%) from \$128,473,881 to \$61,054,686.
- Net assets for governmental activities decreased \$12,095,007 (16.1%) from \$74,953,931 to \$62,858,924.



# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs increased from the previous fiscal year by \$2,984,282 to \$115,168,939. This 3% net increase is due to higher salary costs and a slightly larger workforce and benefits decreasing due to a significant one-time SERP expense in 2007-08.
- The District has made significant progress with the construction of new facilities including:

Location	% Complete
<u>Liberal Arts Campus</u>	
Learning Resources Center	100%
Central Plant	100%
South Quad Complex	95%
<u>Pacific Coast Campus</u>	
Central Plant	100%
Technology I Building	85%

Projects in the planning and design stages are:

- Parking Structure – Liberal Arts Campus
- Building A Renovation – Liberal Arts Campus
- Multi-Disciplinary Academic Building – Pacific Coast Campus
- Building CC Renovation – Pacific Coast Campus
- Infrastructure Upgrades
- Landscape and Signage Upgrades
- Swing Space – Pacific Coast Campus
- Warehouse Retrofit – Liberal Arts Campus
- Building I-Bookstore – Liberal Arts Campus

These projects were funded through the District's \$616 million General Obligation Bond programs (Election 2002 and Election 2008) and/or State facilities construction program funding.

- The District provided student financial aid to qualifying students of the District in the amount of \$33,839,409. This represents a \$5,589,516 increase from the 2007-08 fiscal year. This aid is provided through grants and loans from the Federal and State programs. The increase is primarily due to Federal Pell Grant maximums, which increased from \$4,310 per student to \$4,731 per student along with an increased number of applications. This is a 9.8% increase in financial support to students who received Pell grants.



**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

**Financial Statement Presentation and Basis of Accounting Governmental Funds**

The District's financial report includes three primary financial statements: The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. Additional information regarding these financial statements is provided on the following pages.

The financial statements noted above are prepared in accordance with Governmental Accounting Standards Board Statements No. 34 and 35, which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District governmental funds including Student Financial Aid Programs, Proprietary Funds and a portion of the Retiree Benefits Fund deemed to be governmental in nature.

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2009 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net assets recorded on the full accrual basis of accounting is as follows:

Unrestricted Fund Balance	\$ 14,748,879
Restricted Fund Balance	3,253,990
Bond Interest and Redemption Fund Balance	4,122,639
Revenue Bond Construction Fund Balance (2002 and 2008 Election)	18,754,182
Capital Outlay Projects Fund Balance	8,318,647
Child Development Fund Balance	38,145
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	1,459,275
Other Trust Fund Balance (Retiree Benefits)	9,510,040
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	<u>35,720</u>
 Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	 60,363,040
 Auxiliary (not reported on CCFS-311)	 1,859,472
Net audit adjustments, see page 52	<u>(1,167,826)</u>
 Total Ending Fund balances	 <u>\$ 61,054,686</u>

# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because of the following GASB 34/35 full disclosure requirements:

Total Ending Fund balances	\$ 61,054,686
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets. Capital assets of \$398,141, are already reported in the Auxiliary Fund.	233,144,854
Compensated absences and load banking are not due and payable in the current period, and therefore are not reported in the governmental funds. Compensated absences and load banking of \$182,922 and \$64,039 are already reported in the Unrestricted General Fund and the Auxiliary, respectively.	(4,766,300)
Short-term and long-term liabilities for bonds that are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Short-term and long-term liabilities are added to the statement of net assets which reduces the total net assets reported.	(225,225,342)
Issuance costs related to bonds incurred through June 30, 2009 are capitalized and added to total net assets.	3,123,177
Interest expense related to bonds incurred through June 30, 2009 are required to be accrued under full accrual basis of accounting. This liability is added to the statement of net assets, which reduces the total net assets reported.	(1,077,810)
The supplemental employee retirement plan liability is not due and payable in the current period and, therefore, not reported as a liability in the governmental funds.	(2,063,356)
Estimated claims liability for self-insured risk of loss is not accrued in governmental funds.	(1,431,672)
Amounts for 2008-09 property taxes levied for debt service not received as of June 30, 2009.	1,179,297
Employer contributions for other postemployment retirement benefits which are less than the actuarially determined required contribution are recognized as a liability	(120,052)
Reduction for Post Retirement Employee Benefits (OPEB) for amounts held in an irrevocable trust and reported as fiduciary activity.	<u>(958,558)</u>
Total Net Assets	<u>\$ 62,858,924</u>

## LONG BEACH COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

#### Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Assets is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2009. The Statement of Net Assets presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current) and net assets (assets minus liabilities).

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the District.

The difference between total assets and total liabilities (net assets) is one indicator of the current financial condition of the District. The change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

Cash and cash equivalents decreased \$64,214,065 due to spending \$58.4 million on site acquisitions, construction projects and equipment purchases as well as increased operating costs as discussed on page xiv.

Investments decreased 100% from \$6,663,038 to \$0. Prior year investments consisted of amounts held by the trustee for the financing agreement, which was paid off during 2008-09.

Accounts receivable and due from increased by \$10,104,856 or 50%. This is mainly due to an increase in the apportionment accrual of \$6.9 million and State facilities construction programs of \$2.3 million.

Capital assets increased 27.8% from \$182,703,056 to \$233,542,995. This is the result of the district's substantial investment in constructing and renovating buildings at each of the district's two campuses.

Accounts payable and accrued liabilities increased 44.2% from \$18,308,845 to \$26,386,811. Accounts payable increase due to \$7.9 million in increased capital outlay and bond project liabilities and \$1.4 million in student financial aid liabilities.

Total net assets decreased 16.1% from \$74,953,931 to \$62,858,924 which includes the \$11.3 million adjustment for restatement. Major components comprising this decrease are capital assets (net of accumulated depreciation) cash and cash equivalents.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

A summarized comparison of statement of net assets is presented below:

	(in thousands) <u>2009</u>	(in thousands) <u>2008</u>	<u>Change</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 49,702	\$ 106,204	-53%
Receivables	30,512	20,408	50%
Inventories	900	1,046	-14%
Prepaid expenses	<u>1,219</u>	<u>1,157</u>	5%
Total current assets	<u>82,333</u>	<u>128,815</u>	-36%
Non-current assets			
Restricted cash and cash equivalents	7,593	15,305	-50%
Investments	-	6,663	-100%
Capitalized fees	3,123	1,877	66%
Capital assets, net of depreciation	<u>233,543</u>	<u>182,703</u>	28%
Total non-current assets	<u>244,259</u>	<u>206,548</u>	18%
<b>TOTAL ASSETS</b>	<u>326,592</u>	<u>335,363</u>	-3%
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	26,385	18,309	44%
Deferred revenue	3,465	5,288	-34%
Amounts held in trust for others	29	27	7%
Estimated claims liability	1,432	1,432	0%
Long-term liabilities - current portion	<u>8,108</u>	<u>9,396</u>	-14%
Total current liabilities	<u>39,419</u>	<u>34,452</u>	14%
Non-current liabilities			
Long-term liabilities less current portion	<u>224,314</u>	<u>225,957</u>	-1%
Total non-current liabilities	<u>224,314</u>	<u>225,957</u>	-1%
<b>TOTAL LIABILITIES</b>	<u>263,733</u>	<u>260,409</u>	1%
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,904	37,117	-30%
Restricted	15,826	19,755	-20%
Unrestricted	<u>21,129</u>	<u>18,082</u>	17%
<b>TOTAL NET ASSETS</b>	<u>\$ 62,859</u>	<u>\$ 74,954</u>	-16%

This schedule has been prepared from the Statement of Net Assets presented on page 1.

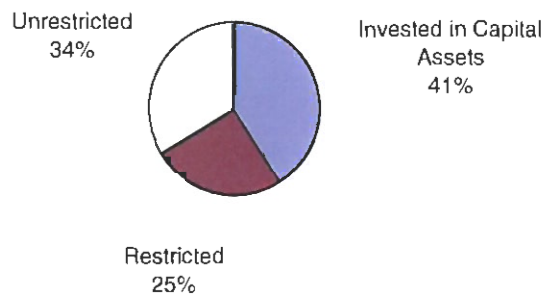
# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

The components of net assets are investment in capital assets, restricted assets and unrestricted assets. The following chart shows the percentage for each of those components. The \$25,904,010 investment in capital assets is for construction of new facilities, major facilities improvements and equipment valued at \$5,000 or more.

**Net Assets**  
June 30, 2009



\$15,825,445 of restricted assets are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets.

The value of unrestricted assets was \$21,129,469. Many of the unrestricted net assets have been designated by the Board for such purposes as Federal and State grants objectives, outstanding commitments on contracts, and general reserves for the ongoing financial health of the District.

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

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of this statement is to present the operating and non-operating revenues earned, whether received or not, by the District, the operating and non-operating expenses incurred, whether paid or not, by the District, and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this Statement presents the District's results of operations.

## LONG BEACH COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Generally, operating revenues are earned for providing educational and programmatic services to students, customers and constituencies of the District. Operating expenses are those expenses incurred to provide services provided in return for the operating revenues used to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided to the entity providing the revenues. For example, state appropriations are non-operating revenues because they are provided by the legislature to the District without the legislature directly receiving services for those revenues.

A summarized comparison of the Statement of Revenues, Expense and Changes in Net Assets is presented below:

	(in thousands) 2009	(in thousands) 2008*	Change
Operating Revenues			
Net tuition and fees	\$ 8,491	\$ 6,958	22%
Grants and contracts, non-capital	58,444	52,431	11%
Auxiliary sales and charges	7,379	7,387	0%
Total operating revenues	<u>74,314</u>	<u>66,776</u>	11%
Operating Expenses			
Salaries and benefits	115,169	112,184	3%
Supplies, materials and other operating expenses and services	42,233	34,599	22%
Financial aid	33,839	28,250	20%
Depreciation	3,767	3,386	11%
Total operating expenses	<u>195,008</u>	<u>178,419</u>	9%
Operating loss	<u>(120,694)</u>	<u>(111,643)</u>	8%
Non-operating revenues			
State apportionments, non-capital	86,986	88,668	-2%
Local property taxes	11,420	9,947	15%
State taxes and other revenues	3,086	3,808	-19%
Investment income, net	771	1,441	-46%
Total non-operating revenues	<u>102,263</u>	<u>103,864</u>	-2%
Other revenues, (expenses), gains or (losses)			
State apportionments, capital	14,092	16,596	-15%
Local property taxes and other revenues, capital	11,717	8,937	31%
Investment income, capital	1,847	4,499	-59%
Interest expense	(10,070)	(8,332)	21%
Total other revenues, (expenses), gains or (losses)	<u>17,586</u>	<u>21,700</u>	-19%
Change in net assets	<u>(845)</u>	<u>13,921</u>	-106%
Net assets, beginning of year as previously reported	74,954	61,033	23%
Adjustment for restatement	<u>(11,250)</u>	•	100%
Net assets, beginning of year as restated	<u>63,704</u>	<u>61,033</u>	4%
Net assets, end of year	<u>\$ 62,859</u>	<u>\$ 74,954</u>	-16%

\*Certain reclassifications have been made to the summarized financial statements for the year 2007-08 to conform to the 2008-09 summarized financial statement presentation

## LONG BEACH COMMUNITY COLLEGE DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

While the distinction between operating and non-operating revenues is useful to managers for profit business enterprises, this distinction is not as important for managers of public sector community colleges. Therefore, to simplify the discussion, operating revenue, non-operating revenue and other revenues were combined in the following table:

	(in thousands) 2009	(in thousands) 2008*	Change
<b>Revenues</b>			
Operating Revenues	\$ 74,314	\$ 66,776	11%
Non Operating Revenues	102,263	103,864	-2%
Other Revenues	<u>27,656</u>	<u>30,032</u>	-8%
	204,233	200,672	2%
<b>Expense</b>			
Operating Expenses	(195,008)	(178,419)	9%
Other Expenses	<u>(10,070)</u>	<u>(8,332)</u>	21%
Total Expenses	(205,078)	(186,751)	10%
<b>Change in Net Assets</b>			
	<u>(845)</u>	<u>13,921</u>	-106%
Net Assets at beginning of year	74,954	61,033	23%
Adjustment for restatement	<u>(11,250)</u>	<u>-</u>	100%
Net Assets at beginning of year, restated	<u>63,704</u>	<u>61,033</u>	4%
Net Assets End of Year	<u>\$ 62,859</u>	<u>\$ 74,954</u>	-16%

\*Certain reclassifications have been made to the summarized financial statements for the year 2007-08 to conform to the 2008-09 summarized financial statement presentation.

This schedule has been prepared from the Statement of Revenues, Expenses, and Changes in Net Assets presented on page 2.

The 8% decrease in other revenues is due to less funding for the State facilities construction program and decreased investment income due to reduced cash balances.

Net tuition and fees increased 22% because of increased enrollment fee receipts, child development fee rates, and non-resident and international tuition rates.

Local property taxes increased 15% because of the prior year's "triple flip" effect. In 2007-08, sales tax revenues previously allocated to local governments went to the State. The State then in turn replaced lost local government sales tax revenue with property tax revenue in the form of Education on Revenue Augmentation Funds (ERAF), which previously belonged to Community Colleges.

# LONG BEACH COMMUNITY COLLEGE DISTRICT

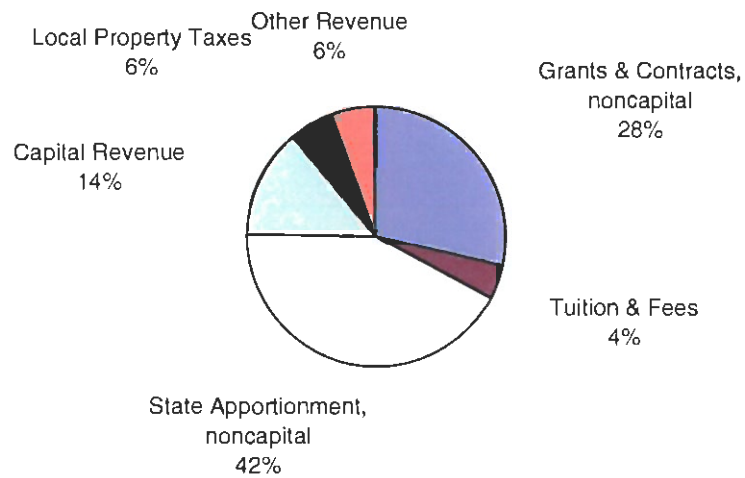
## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

Total revenues were \$204,232,456 while total expenditures were \$205,077,463. This yields a decrease in net assets of \$845,007, representing a 1.3% decrease in net assets.

The following charts show the sources of revenue to the district. The largest source (42%) is State apportionment, which is derived from the State's funding formula for Community Colleges.

Revenue 2008-09





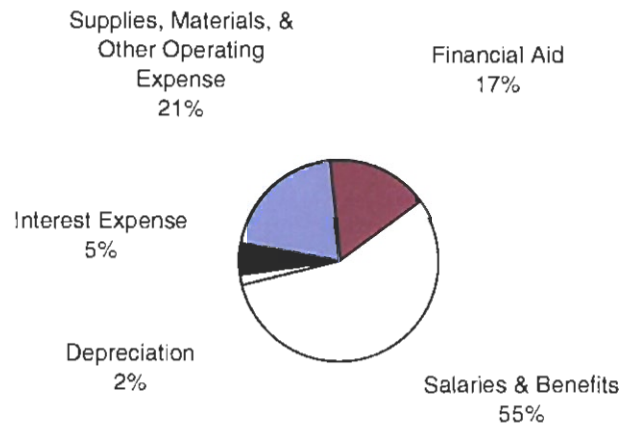
**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

The following chart shows where the District's money is spent. The largest category of expenses (56%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to perform its educational mission.

**Expenses 2008-09**



# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

### Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement helps users assess the District's ability to generate positive cash flows, meet obligations as they come due, and the need for external financing.

The Statement of Cash Flows is divided into four parts: Cash Flows from Operating Activities, Cash Flows from Non-Capital Financing Activities, Cash Flows from Capital and Related Financing Activities, and Cash Flows from Investing Activities. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financial purposes. The third part shows cash flows from capital projects and related financing activities. This part deals with the cash used for the construction and improvement of capital facilities and related items. The fourth part provides information from investing activities and the amount of interest received.

Operating activities – Cash receipts from operating activities are derived from a variety of sources, including from student fees, enterprise activities, and from Federal, State, local, and private grants. Uses of cash are salaries and benefits for employees, payments to vendors, and financial aid to students. Cash receipts and payments vary based on timing of the District receiving and disbursing cash; however, throughout the year, the District always maintained a positive cash position.

Non-capital financing activities – These cash sources include State apportionment, local property taxes, and grants.

Capital and related financing – The increased use is attributed to increases in capital assets as described in the following section entitled “Capital Assets and Debt Administration”.

The net change in cash, considering all sources and uses, was a decrease of \$64,214,065. This results in an end of year cash balance of \$57,295,273. As a matter of prudent financial management, the District maintains a positive cash position at all times.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

A summarized comparison of the Statement of Cash Flows for 2007-08 and 2008-09 is presented below:

	<u>(in thousands)</u> <b>2009</b>	<u>(in thousands)</u> <b>2008*</b>	<u>Change</u>
Cash Provided By (Used in)			
Operating activities	\$ (118,724)	\$ (106,558)	11%
Non-capital financing activities	93,793	98,025	-4%
Capital and related financing activities	(46,792)	37,578	-225%
Investing activities	<u>7,509</u>	<u>3,280</u>	129%
Net increase in cash and cash equivalents	(64,214)	32,325	-299%
Cash balance, beginning of year	<u>121,509</u>	<u>89,184</u>	36%
Cash balance, end of year	<u><u>\$ 57,295</u></u>	<u><u>\$ 121,509</u></u>	-53%

\*Certain reclassifications have been made to the summarized financial statements for the year 2007-08 to conform to the 2008-09 summarized financial statement presentation.

This schedule has been prepared from the Statement of Cash Flow presented on page 3.

Cash used in operating activities increased to pay for higher salaries and benefit costs (\$5.3 million); payments increasing to suppliers (\$7.7 million) for spending related to increased awards for grants and contracts where the money has been spent but not reimbursed; and payments increased to students (\$5.9 million) primarily due to the increase in Pell allowances. These increases in cash used were offset by a \$5.2 million increase in cash from grants and contracts due to the timing of when money is received.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2009**

**Capital Assets and Debt Administration**

Capital Assets

In accordance with GASB requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately seventy-five years ago and land values in Southern California have increased over this time. On June 30, 2008, the District had \$182.7 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2008-09 fiscal year, the District continued to modernize various facilities throughout the District at a cost of \$65.8 million. At the end of the year capital assets, net of depreciation, were valued at \$233.5 million which is a 28% increase. A restatement of \$11.3 million which is reflected in the construction in progress balance at June 30, 2009, was made to correct prior year's construction in progress expenditures based on the prior capitalization policy. Under the current policy, those expenditures are not capitalized.

Note 5 to the financial statements provide additional information on capital assets, a comparison of capital assets net of depreciation is summarized below:

	(in thousands) Balance <u>June 30, 2009</u>	(in thousands) Balance <u>June 30, 2008</u>	<u>Change</u>
Land	\$ 25,012	\$ 10,728	133%
Site and Site Improvements	124,409	105,662	18%
Equipment	13,043	11,781	11%
Construction in Progress	<u>119,860</u>	<u>99,578</u>	20%
Totals at historical cost	<u>282,324</u>	<u>227,749</u>	24%
Less accumulated depreciation for:			
Site and Site Improvements	38,024	35,004	9%
Equipment	<u>10,757</u>	<u>10,042</u>	7%
Total accumulated depreciation	<u>48,781</u>	<u>45,046</u>	8%
Governmental capital assets, net	<u>\$ 233,543</u>	<u>\$ 182,703</u>	28%

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

Long-Term Debt

At the end of the year, the District had \$232.4 million in long-term debt. During the 2008-09 fiscal year, long-term debt decreased by \$3.0 million. This is the net effect of issuing \$48.4 million in 2008, Series A bonds, less paying off the \$33.4 million in certificates of participation and the \$15.5 million financing agreement. The majority of the bond issuance was used to pay off these debts.

Notes 6 through 9 to the financial statements provide additional information on long-term liabilities. A comparison of long-term debt is summarized below:

	(in thousands) Balance <u>June 30, 2009</u>	(in thousands) Balance <u>June 30, 2008</u>	<u>Change</u>
Compensated absences	\$ 5,013	\$ 4,745	6%
Capital leases	-	893	-100%
Certificates of participation	-	33,425	-100%
Financing agreement	-	15,541	-100%
General obligation bonds	225,226	177,940	27%
Other postemployment benefits other than pensions (OPEB)	120	-	100%
Supplemental employee retirement plan	<u>2,063</u>	<u>2,809</u>	-27%
Total long term debt	232,422	235,353	-1%
Total short term portion	<u>(8,108)</u>	<u>(9,396)</u>	-14%
Total long term portion	<u>\$ 224,314</u>	<u>\$ 225,957</u>	-1%

# LONG BEACH COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

### **Economic Factors Affecting the Future of Long Beach Community College District**

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State appointment and other State revenues, non-capital, of \$106 million support 56% of total operating expenses, excluding depreciation.

Future State funding for the District is characterized by volatility inherent in the State's economy. The Chancellor's Office reduced workload measures 3.39% for 2009-10. State categorical programs were cut severely in 2009-10. The State reports that revenue collections are already \$2.1 billion short of expected levels, with about half of this shortfall attributed to the prior fiscal year. In addition, the Schwarzenegger Administration has acknowledged a \$7.4 billion structural budget gap for 2010-11 as a result of the expiration of one-time Budget solutions contained in the current-year spending plan. If the Governor's estimate of the current-year shortfall is accurate, then the Budget gap over the two-year period is already reaching \$15 billion, and this is before any reassessment of 2010-11 revenues. A downward adjustment to 2010-11 revenues could be expected, based on the weaker-than-expected performance of revenues in the current year. Despite this State economic problem, the District remains cautiously optimistic that it can make the needed budget cuts and still meet its educational mission and commitment to students.

These funding reductions pose a daunting challenge to the District, and ongoing difficult resource allocation decisions will have to be made. The planning, leadership and governance processes at Long Beach Community College District are strong, so the District's governing board, administration and faculty is fully prepared to meet this challenge and continue to make the difficult resource allocation decisions.

On a positive note, the Retiree Health Benefit Fund balance increased from \$8.3 million to \$9.5 million, of this balance, \$1.0 million represents the ending fund balance of the irrevocable trust reported in a separate statement of net assets and statement of changes in net assets for Other Postemployment Benefits Plan in accordance with GASB 43/45.

Ongoing construction projects will continue for the next several years; which will continue to increase the value of the District's capital assets because construction costs will be capitalized and capital assets will increase. There will be some additional costs for the operation and maintenance of those new facilities.

The District is currently reviewing financing options, including issuing bond anticipation notes, to continue funding the ongoing bond construction projects.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2009**

*Contacting the District*

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 John Thompson, Director of Fiscal Services, at: Long Beach Community College District, 4901 E. Carson Street – Y14, Long Beach, CA 90808, (562) 938-4102, or via email at [jthompson@lbcc.edu](mailto:jthompson@lbcc.edu).

## **BASIC FINANCIAL STATEMENTS**



**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF NET ASSETS**

June 30, 2009

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 49,702,194
Accounts receivable, net	30,462,460
Due from fiduciary fund	50,000
Stores inventories	899,804
Prepaid expenses	<u>1,219,233</u>
Total Current Assets	<u>82,333,691</u>
Non-current Assets:	
Restricted cash	7,593,079
Capitalized fees	3,123,177
Capital assets, net of accumulated depreciation	<u>233,542,995</u>
Total Non-current Assets	<u>244,259,251</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 326,592,942</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable	\$ 23,326,241
Accrued liabilities	1,982,760
Accrued interest payable	1,077,810
Deferred revenue	3,464,803
Amounts held in trust for others	28,721
Estimated claims liability	1,431,672
Compensated absences - current portion	2,282,118
General obligation bonds payable - current portion	5,080,000
Supplemental employee retirement plan - current portion	<u>745,984</u>
Total Current Liabilities	<u>39,420,109</u>
Non-current Liabilities:	
Compensated absences	2,731,143
General obligation bonds payable	220,145,342
Other postemployment benefits other than pensions (OPEB)	120,052
Supplemental employee retirement plan	<u>1,317,372</u>
Total Non-current Liabilities	<u>224,313,909</u>
<b>TOTAL LIABILITIES</b>	<b><u>263,734,018</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	25,904,010
Restricted for:	
Capital projects	8,318,647
Debt service	4,224,126
Scholarships & loans	121,522
Other special services	3,161,150
Unrestricted	<u>21,129,469</u>
<b>TOTAL NET ASSETS</b>	<b><u>62,858,924</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 326,592,942</u></b>
---	------------------------------

See the accompanying notes to the financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2009**

<b>OPERATING REVENUES</b>	
Tuition and fees (gross)	\$ 14,898,402
Less: Scholarship discounts and allowances	<u>(6,407,560)</u>
Net tuition and fees	8,490,842
Grants and contracts, non-capital:	
Federal	38,429,795
State	15,212,154
Local	4,801,418
Auxiliary enterprise sales and charges	<u>7,379,468</u>
<b>TOTAL OPERATING REVENUES</b>	<u>74,313,677</u>
<b>OPERATING EXPENSES</b>	
Salaries	89,204,633
Employee benefits	25,964,306
Supplies, materials, and other operating expenses and services	39,353,339
Financial aid	33,839,409
Utilities	2,878,788
Depreciation	<u>3,767,470</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>195,007,945</u>
Operating loss	<u>(120,694,268)</u>
<b>NON-OPERATING REVENUES</b>	
State apportionments, non-capital	86,985,881
Local property taxes	11,420,619
State taxes and other revenues	3,086,238
Investment income - non-capital	<u>770,388</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>102,263,126</u>
Loss before other revenues, (expenses), gains or (losses)	<u>(18,431,142)</u>
<b>OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)</b>	
State apportionments, capital	14,092,219
Local property taxes and revenues, capital	11,716,734
Investment income - capital	1,846,700
Interest expense on capital asset-related debt	<u>(10,069,518)</u>
<b>TOTAL OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)</b>	<u>17,586,135</u>
Decrease in net assets	<u>(845,007)</u>
<b>NET ASSETS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	74,953,931
Adjustment for restatement (see note 16)	<u>(11,250,000)</u>
<b>NET ASSETS, BEGINNING OF YEAR AS RESTATED</b>	<u>63,703,931</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 62,858,924</u>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees (net)	\$ 6,979,139
Federal grants and contracts	37,921,431
State grants and contracts	16,008,605
Local grants and contracts	4,301,494
Enterprise sales and charges	7,368,332
Payments to suppliers	(42,223,511)
Payments to/on behalf of employees	(115,521,114)
Payments to/on behalf of students	(33,559,742)
Amounts received/(paid) in trust	<u>1,389</u>
Net cash used by operating activities	<u>(118,723,977)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State apportionments and receipts	80,059,209
Property taxes	11,125,350
State tax and other revenues (payments)	<u>2,607,853</u>
Net cash provided by non-capital financing activities	<u>93,792,412</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State apportionments for capital purposes	11,264,511
Local revenue for capital purposes	11,975,128
Interest on capital investments	2,168,203
Net purchases of capital assets	(58,452,478)
Proceeds from capital debt	48,373,981
Principal paid on capital debt	(54,279,852)
Interest paid on capital debt	<u>(7,841,002)</u>
Net cash used by capital and related financing activities	<u>(46,791,509)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	845,971
Net sales of investments	<u>6,663,038</u>
Net cash provided by investing activities	<u>7,509,009</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(64,214,065)
<b>CASH BALANCE, Beginning of Year</b>	<u>121,509,338</u>
<b>CASH BALANCE, End of Year</b>	<u>\$ 57,295,273</u>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2009

RECONCILIATION OF NET OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES:

Operating loss	\$ (120,694,268)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	3,767,470
Changes in assets and liabilities:	
Receivables, net	(895,734)
Inventory	146,641
Prepaid expenses	(62,592)
Accounts payable and accrued liabilities	599,457
Deferred revenue	(1,228,623)
Compensated absences	268,215
Amounts held in trust for others	1,389
Other postemployment benefits other than pensions (OPEB)	120,052
Supplemental employee retirement plan	<u>(745,984)</u>
Net cash used by operating activities:	<u>\$ (118,723,977)</u>
Breakdown of ending cash balance:	
Cash and cash equivalents	\$ 49,702,194
Restricted cash and cash equivalents	<u>7,593,079</u>
Total	<u>\$ 57,295,273</u>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2009

	<u>Associated Student Body Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,216,179
<b>TOTAL ASSETS</b>	<u>\$ 2,216,179</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 9,946
Deferred revenue	25
Due to governmental funds	50,000
Amounts held in trust	<u>380,270</u>
<b>TOTAL LIABILITIES</b>	<u>440,241</u>
<b>NET ASSETS</b>	
Unrestricted	<u>1,775,938</u>
<b>TOTAL NET ASSETS</b>	<u>1,775,938</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,216,179</u>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
For the Fiscal Year Ended June 30, 2009

	<u>Associated Student Body Fund</u>
<b>ADDITIONS</b>	
Student representation fee	\$ 1,052,450
Other local sources	86,011
Interest and investment income	<u>24,333</u>
<b>TOTAL ADDITIONS</b>	<u>1,162,794</u>
<b>DEDUCTIONS</b>	
Salaries	168,453
Employee benefits	93,387
Services and other operating expenses	<u>1,022,108</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,283,948</u>
Decrease in net assets	(121,154)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,897,092</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 1,775,938</u></u>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS

June 30, 2009

	<u>Retiree Benefit Trust</u>
<b>ASSETS</b>	
Investments	\$ <u>958,558</u>
<b>TOTAL ASSETS</b>	\$ <u>958,558</u>
<b>TOTAL NET ASSETS HELD IN TRUST FOR OTHER     POSTEMPLOYMENT BENEFITS</b>	<b>\$ <u>958,558</u></b>

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS  
For the Fiscal Year Ended June 30, 2009

	<u>Retiree Benefit Trust</u>
<b>ADDITIONS</b>	
Investment Income:	
Interest and investment income	\$ 41,837
Unrealized loss on investments	(123,586)
Investment expense	<u>(3,875)</u>
Net investment income	(85,624)
Miscellaneous income	<u>13,077</u>
<b>TOTAL ADDITIONS</b>	<u>(72,547)</u>
<b>DEDUCTIONS</b>	
Services and other operating expenses	<u>5,022</u>
<b>TOTAL DEDUCTIONS</b>	<u>5,022</u>
Decrease in net assets	(77,569)
<b>NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING OF YEAR</b>	<u>1,036,127</u>
<b>NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, END OF YEAR</b>	<u>\$ 958,558</u>

See the accompanying notes to the financial statements.



LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. REPORTING ENTITY:**

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

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB Statement No. 14, *The Financial Reporting Entity*. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Based upon the requirements of GASB Statement No. 14, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the District, including their ongoing financial support to the District or its other component units. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**A. REPORTING ENTITY: (continued)**

Based upon the application of the criteria listed above, the following four potential component units have been included in the District's reporting entity through blended presentation:

Long Beach City College Auxiliary (The Auxiliary) – The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational program of the District. The Board of Directors is elected independent of any District Board of Trustee's appointments. The Board is responsible for approving their own budget and accounting and finance related activities; however, the District's governing board has fiscal responsibility over the Auxiliary. The activity of the Auxiliary has been blended in the District-wide financial statements. Individually prepared financial statements are not prepared for the Long Beach City College Auxiliary.

Long Beach City College Associated Student Body (ASB) – The ASB was a separate not-for-profit corporation formed to promote and assist the educational program of the District. During the fiscal year the ASB was dissolved and the District's governing board assumed fiscal responsibility over the ASB. As such the activity of the ASB is shown in the fiduciary financial statements of the District. Individually prepared financial statements were not prepared for the Long Beach City College ASB prior to dissolution.

Long Beach Community College Financing Authority Corporation (The Corporation) – The Corporation was a legally separate organization formed to issue debt specifically for the acquisition and construction of capital assets for the District. As the Governing Board of the Corporation was the same as the Governing Board of the District, the activity of the Corporation, prior to dissolution, has been blended in the District-wide financial statements. During the fiscal year, the debt issued by the Corporation was defeased and the Corporation was dissolved. Individually prepared financial statements were not prepared for the Long Beach Community College Financing Authority Corporation prior to dissolution.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

A. REPORTING ENTITY: (continued)

Futuris Public Entity Investment Trust – The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits. The Long Beach City College Retirement Board of Authority (the Board of Authority) retains the responsibility to oversee the management of the Trust, including the Benefit Trust Company's, requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5, that specifies that the trustee's primary roll is to preserve capital, then maintain secondary responsibilities for investment liquidity and thirdly, to investment yield. As such, the Board of Authority acts as the Fiduciary of the Trust. The financial activity of the Trust has been discreetly presented.

Based upon the application of the criteria listed above, the following potential component unit has been excluded from the District's reporting entity:

Long Beach City College Foundation – The Foundation is a separate not-for-profit corporation. The Foundation is not included as a component unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District.

Separate financial statements for the Foundation can be obtained through the District.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**B. FINANCIAL STATEMENT PRESENTATION:**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* and including Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November 1999 and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Proprietary activities reported in the enterprise and internal service funds are included in the entity-wide perspective. Fiduciary activities, including OPEB trust activities, are excluded from the basic financial statements. Student Financial Aid programs and retiree benefit activities not included in the OPEB trust are included in the basic financial statements.

**C. BASIS OF ACCOUNTING:**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

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

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

The statements of plan net assets and changes in plan net assets of the other postemployment benefits trust are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

In accordance with GASB Statement No. 20, the District follows all GASB statements issued prior to November 30, 1989 until subsequently amended, superceded or rescinded. The District has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 unless FASB conflicts with GASB. The District has elected to not apply FASB pronouncements issued after the applicable date.

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB Statement No. 31.

2. Accounts Receivable

Accounts receivable consists primarily of 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 grant and contracts. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

3. Stores Inventories

Inventory is expensed when purchased in the General Fund; these items consist of expendable instructional, custodial, health and other supplies for consumption. Inventory is valued at cost in the Auxiliary Fund and consists of text books and other items sold in the bookstore.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

4. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums and the debt service payment for the financing agreement.

5. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts externally restricted as to use pursuant to the requirements of the District's grants and contracts and amounts restricted for debt service payments on the general obligation bonds, certificates of participation and financing agreement.

6. Investments

Investments in the Trust are reported at fair value, which is determined by the most recent bid and asking price as obtained from dealers that make markets in such securities.

7. Capitalized Fees

Amounts paid for fees and underwriting costs associated with long-term debt are capitalized and amortized to interest expense over the life of the liability. These costs are amortized using the straight-line method.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

8. Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their estimated fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Buildings as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Interest incurred during construction is not capitalized.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in 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 50 years for buildings, 25 years for portable buildings, 20 years for building and land improvements, 5 years for equipment and vehicles and 3 years for technology.

9. Accounts Payable

Accounts payable consists of amounts due to vendors.

10. Accrued Liabilities

Accrued liabilities consist of salary and benefits payable.

11. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures.



LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

12. Compensated Absences

In accordance with GASB Statement No. 16, accumulated unpaid employee vacation benefits and load banking are recognized as liabilities of the District as compensated absences in the Statement of Net Assets. The entire compensated absences liability is accrued when incurred in the government-wide and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carry forward for future paid time off.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave.

Accumulated employee 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 and within the constraints of the appropriate retirement systems.

13. Net Assets

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 of invested in capital assets, net of related debt.

Restricted net assets – expendable: Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

13. Net Assets (continued)

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net assets – nonexpendable.

Unrestricted net assets: Unrestricted net assets represent resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

14. State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2010 will be recorded in the year computed by the State.

The District has recorded accounts receivable of approximately \$14.5 million related to the deferred apportionment payment, net of property tax and enrollment fee revenue adjustments.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**C. BASIS OF ACCOUNTING: (continued)**

15. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the State for apportionment purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

16. On-Behalf Payments

GASB Statement No. 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 State Teachers' Retirement System on behalf of all community college and school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at \$931,000 for STRS.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

17. Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

18. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge 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 in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. BASIS OF ACCOUNTING: (continued)

19. Estimates

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

20. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension Plans*, outlining new accounting standards for governmental agencies regarding other postemployment benefits. The statement is effective for the District in fiscal year 2008-09. The statement requires governmental agencies to record and disclose the actuarially determined cost of postemployment benefits other than pensions based on the benefits expected to be earned by employees in the future, as well as those benefits the employees have already earned. Annual required contributions shall include the employer's normal cost and a provision(s) for amortizing the total unfunded actuarial accrued liability, for a period not to exceed 30 years.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, outlining new accounting standards for Other Postemployment Benefit (OPEB) trust funds included as an agency fund in the financial statements of a governmental agency. The District has established a trust for investment and disbursement of funds for the payment of its obligations to eligible employees which is included in these financial statements. The statement provides standards for (a) financial reporting of the plan assets, liabilities, net assets, and changes in net assets held in trust for payment of benefits and (b) disclosure of actuarial information about the funded status and funding progress of the plan (the extent to which resources have been accumulated in comparison to actuarially accrued liabilities for benefits) and the contributions made to the plan by participating employers in comparison to annual required contributions of the employer(s) (ARC). The District was required to implement GASB 43 in fiscal year ended June 30, 2008.

Detailed disclosure required by both statements is provided at Note 13.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 2 – DEPOSITS AND INVESTMENTS:**

**A. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk. As of June 30, 2009, \$6,660,706 of the District's bank balance of \$8,060,052 was exposed to credit risk as follows:

Uninsured and uncollateralized	\$ 6,660,706
--------------------------------	--------------

**B. Cash in County Treasury**

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2009, as provided by the pool sponsor, was \$51,337,626. Interest earned is deposited monthly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to \$1,222,470 on June 30, 2009, which represents withholdings payable.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS: (continued)

**C. Investments**

Investments held by the Futuris Public Entity Investment Trust (the Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Code Section 53620 through 53622. The Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2009.

Investments held by the Trust at June 30, 2009 are presented below:

<u>Investment</u>	<u>Fair Value</u>
Mutual Funds	\$958,558

**Interest Rate Risk**

Interest risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Trust does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital. As of June 30, 2009, the Trust's investments are in mutual funds which are not rated.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 2 – DEPOSITS AND INVESTMENTS: (continued)

C. Investments (continued)

**Concentration of Credit Risk**

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, the Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement. The Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. At June 30, 2009 the Trust had not invested more than 5% of its portfolio in one issuer.

NOTE 3 – ACCOUNTS RECEIVABLE:

The accounts receivable balance as of June 30, 2009 consists of the following:

Federal and State	\$23,617,896
Miscellaneous	3,986,658
Tuition and Fees	<u>2,857,906</u>
	<u>\$30,462,460</u>



**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 4 – INTERFUND TRANSACTIONS:**

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when an interfund transfer is transacted after the close of the fiscal year. Interfund activity within the governmental funds has been eliminated in the basic financial statements.

**NOTE 5 - CAPITAL ASSETS:**

The following provides a summary of changes in capital assets for the year ended June 30, 2009:

	Balance June 30, 2008	Adjustments*	Additions	Retirements/ Deletions	Balance June 30, 2009
Land	\$ 10,728,381	\$	\$ 14,283,682	\$	\$ 25,012,063
Site and site improvements	105,662,159		18,746,703		124,408,862
Equipment	11,780,391		1,294,437	(31,399)	13,043,429
Construction in progress	99,577,844	(11,250,000)	49,504,440	(17,971,853)	119,860,431
Total cost	<u>227,748,775</u>	<u>(11,250,000)</u>	<u>83,829,262</u>	<u>(18,003,252)</u>	<u>282,324,785</u>
Less accumulated depreciation for:					
Site and site improvements	35,003,683		3,020,753		38,024,436
Equipment	10,042,036		746,717	(31,399)	10,757,354
Total accumulated depreciation	<u>45,045,719</u>	<u>-</u>	<u>3,767,470</u>	<u>(31,399)</u>	<u>48,781,790</u>
Governmental capital assets, net	<u>\$ 182,703,056</u>	<u>\$ (11,250,000)</u>	<u>\$ 80,061,792</u>	<u>\$ (17,971,853)</u>	<u>\$ 233,542,995</u>

\* Adjustments were made to decrease construction in progress. See note 16.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 6 - GENERAL OBLIGATION BONDS – MEASURE E (2002):**

On March 5, 2002, \$176 million in general obligation bonds were authorized by an election held within Long Beach College District under Proposition 39/Measure E. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities.

During the fiscal year ended June 2003, the District issued, through the County of Los Angeles, General Obligation 2002 Election Series A (2003) Bonds totaling \$40,000,000 under a bond authorization approved in a general election held in March 2002. The bonds were issued as current interest bonds and contain an interest provision ranging from 2.5 percent to 5 percent, depending on the maturity date of the bond. The proceeds of such bonds are to be used for acquisition, construction, furnishing, and equipping of District facilities.

On November 29, 2005 the District offered for sale \$65,000,000 in General Obligation 2002 Election Series B (2005) Bonds. The bonds were issued as current interest bonds and contain an interest provision ranging from 3.75 percent to 5 percent, depending on maturity date of the bond. The proceeds of these bonds are to be used for acquisition, construction, furnishing and equipping of District facilities.

On November 29, 2005, the District offered for sale \$28,224,898 in General Obligation 2002 Election Series C (2005) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$21,485,000 and capital appreciation bonds in the aggregate principal amount of \$6,739,898. These bonds contain an interest provision ranging from 3.75 percent to 5 percent depending on maturity date of the bond. These bonds were issued to refund certain outstanding general obligation bonds (Series A) of the District and to pay for certain capital improvements.

The capital appreciation bonds were issued with maturity dates of May 1, 2014 through May 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2009, \$9,606,956 in accreted interest has been accrued and included in long-term debt.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 6 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)**

\$5,519,550 in proceeds were deposited in the Revenue Bond Construction Fund. The balance of proceeds associated with the refunding were deposited in an escrow fund for future repayment. At June 30, 2009 the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$27,175,000. This amount is scheduled to be repaid in May 2013. These bonds are considered fully defeased and are not recorded on the financial statements. The difference in cash flow requirements related to this refunding amounted to a savings of approximately \$4,546,350. These savings resulted in a recalculation of the collections and payments toward bond payoffs and are included in the consolidated schedule noted on the subsequent page.

On October 24, 2007, the District offered for sale \$70,999,987 in General Obligation 2002 Election Series D (2007) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$43,550,000 and capital appreciation bonds in the aggregate principal amount of \$27,449,987. These bonds contain an interest provision ranging from 3.63 percent to 5.0 percent depending on maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds issued in November, 2005 and August, 2007 included a premium of \$8,227,031 and \$2,506,185, respectively. The net amount of \$9,643,153 is amortized using the straight-line method. Amortization of \$645,289 was recognized during the 2008-09 year.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,048,716. Amortization of \$45,596 was recognized during the 2008-09 year.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 6 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)**

The following summarizes the outstanding bonded debt of Measure E (2002) at June 30, 2009.

Date of Issue	Interest Rate %	Original Maturity Dates (1)	Amount of Original Issue	Outstanding July 1, 2008	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2009
04/30/03 A	2.5-5.0%	5/1/2004 to 8/1/2027	\$ 40,000,000	\$ 5,695,000	\$	\$ 1,050,000	\$ 4,645,000
11/29/05 B	3.75-5.0%	5/1/2006 to 5/1/2030	65,000,000	60,415,000		400,000	60,015,000
11/29/05 C	3.75-5.0%	5/1/2006 to 5/1/2017	28,224,898	25,024,898		2,970,000	22,054,898
10/24/07 D	3.63-5.0%	5/1/2013 to 5/1/2032	70,999,987	70,999,987			70,999,987
			<u>\$ 204,224,885</u>	<u>\$ 162,134,885</u>	<u>\$ -</u>	<u>\$ 4,420,000</u>	<u>\$ 157,714,885</u>

<sup>(1)</sup> Final maturity date on refunded portion:  
Series A 5/1/2013

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2010	\$ 5,080,000	\$	\$ 5,855,283	\$ 10,935,283
2011	5,750,000		5,662,045	11,412,045
2012	6,380,000		5,434,170	11,814,170
2013	7,158,580	56,420	5,188,750	12,403,750
2014	4,181,135	3,078,865	4,912,750	12,172,750
2015-2019	25,787,864	15,332,136	23,371,500	64,491,500
2020-2024	29,537,862	12,427,138	20,313,500	62,278,500
2025-2029	47,639,444	3,395,556	14,116,500	65,151,500
2030-2032	26,200,000		2,372,750	28,572,750
Total Debt Service	<u>\$ 157,714,885</u>	<u>\$ 34,290,115</u>	<u>\$ 87,227,248</u>	<u>\$ 279,232,248</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 7 - GENERAL OBLIGATION BONDS – MEASURE E (2008):**

On February 5, 2008, \$440 million in general obligation bonds were authorized by an election held within Long Beach College District under Proposition 39/Measure E. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities. In addition, proceeds will be used for the prepayment of certain lease and financing obligations of the District.

On July 8, 2008, the District offered for sale \$48,373,981 in General Obligation 2008 Election Series A (2008) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of \$24,990,000 and capital appreciation bonds in the aggregate principal amount of \$23,383,981. These bonds contain an interest provision ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities as well as the prepayment of obligations of the District as noted above.

The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2009, \$1,025,062 in accreted interest has been accrued and included in long-term debt.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included a premium of \$1,060,612, which is amortized using the straight-line method. Amortization of \$42,412 was recognized during the 2008-09 year.

The following summarizes the outstanding bonded debt of Measure E (2008) at June 30, 2009.

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Maturity Dates</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2008</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2009</u>
7/8/2008 A	3.59-5.45%	6/1/2012 to 6/1/2033	<u>\$ 48,373,981</u>	<u>\$ -</u>	<u>\$ 48,373,981</u>	<u>\$ -</u>	<u>\$ 48,373,981</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 7 - GENERAL OBLIGATION BONDS – MEASURE E (2008): (continued)**

The annual requirements to amortize all Measure E (2008) bonds payable, outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2010	\$	\$	\$ 1,219,675	\$ 1,219,675
2011			1,219,675	1,219,675
2012	326,959	48,041	1,219,675	1,594,675
2013	509,118	100,882	1,219,675	1,829,675
2014	657,319	167,681	1,219,675	2,044,675
2015-2019	6,056,217	1,943,783	6,098,375	14,098,375
2020-2024	14,375,000		4,512,725	18,887,725
2025-2029	15,476,916	12,408,084	662,750	28,547,750
2030-2033	<u>10,972,452</u>	<u>27,417,548</u>		<u>38,390,000</u>
Total Debt Service	<u>\$ 48,373,981</u>	<u>\$ 42,086,019</u>	<u>\$ 17,372,225</u>	<u>\$ 107,832,225</u>

**NOTE 8 – DEFEASEMENT OF LONG-TERM DEBT:**

With the bond issuance, the District exercised their option to prepay the following debt in accordance with the project list to purchase real property and equipment leased by the District:

<u>Long-Term Debt</u>	<u>Payoff Amount</u>	<u>Payment Date</u>
Capital Lease	\$ 803,148	October 1, 2008
Financing Agreement	16,348,368	July 25, 2008
Certificates of Participation	30,502,449	July 31, 2008

Differences between the pay off amount and the long-term debt schedule are attributed to accumulated interest and payoff clauses for the Financing Agreement.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 9 – LONG-TERM DEBT:**

A schedule of changes in long-term debt for the year ended June 30, 2009 is shown below:

	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009	Balance Due In One Year
Compensated absences	\$ 4,745,046	\$ 268,215	\$	\$ 5,013,261	\$ 2,282,118
Capital leases	893,102		893,102	-	
Certificates of participation	33,425,000		33,425,000	-	
Financing Agreement	15,541,750		15,541,750	-	
General obligation bonds (2002 election):					
Bonds payable	162,134,885		4,420,000	157,714,885	5,080,000
Accreted interest	7,718,940	1,888,016		9,606,956	
Bond premium	8,997,879		645,289	8,352,590	
Deferred liability	(911,928)		(45,596)	(866,332)	
General obligation bonds (2008 election):					
Bonds payable		48,373,981		48,373,981	
Accreted interest		1,025,062		1,025,062	
Bond premium		1,060,612	42,412	1,018,200	
Other postemployment benefits other than pensions (OPEB)		120,052		120,052	
Supplemental employee retirement plan	2,809,340		745,984	2,063,356	745,984
	<u>\$ 235,354,014</u>	<u>\$ 52,735,938</u>	<u>\$ 55,667,941</u>	<u>\$ 232,422,011</u>	<u>\$ 8,108,102</u>

**NOTE 10 – INTERNAL SERVICE ACTIVITY:**

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. The District has established an Internal Service Fund to account for and finance its risks of loss related to property and liability. Under this program, the Internal Service Fund provides coverage for up to a maximum of \$50,000 for each general liability claim and \$10,000 for each property damage claim. The District participates in a JPA to provide excess insurance coverage above the member retained limit for property and liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during 2008-09 totaled \$120,030.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 10 – INTERNAL SERVICE ACTIVITY: (continued)**

Prior to July 1, 2003, the District was self-insured for risks of loss related to workers' compensation. Under this program, the District provided funding ranging from \$100,000 up to a maximum of \$350,000, based on the claim year, for each workers' compensation claim. The District purchased commercial insurance and/or participated in a JPA to provide coverage for claims above the self-insured retention level to the statutory limit of \$1M. Settled claims have not exceeded this additional coverage in any of the past three fiscal years.

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during 2008-09 totaled \$172,849.

**Claims Liability**

At June 30, 2009, the District accrued the worker's compensation claims liability for run-off claims in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of future liability is estimated at \$1,431,672.

An estimate for claims liability related to property and liability risk has not been recorded and is not believed to be material.



**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 11 - EMPLOYEE RETIREMENT PLANS:**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS) and part-time, seasonal and temporary employees and employees not covered by STRS or PERS are members of the Alternative Retirement System (ARS).

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

**Plan Description**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% of their 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 Teachers' Retirement Board. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 11 - EMPLOYEE RETIREMENT PLANS: (continued)**

**Public Employees' Retirement System (PERS)**

**Plan Description**

The District and Auxiliary contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Both entities contribute to separate pools due to the number of employees. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Active plan members are required to contribute 7.0% of their salary for District employees and 8.0% of their salary for Auxiliary employees. The District and Auxiliary are 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 fiscal year 2008-09 was 9.428% of annual payroll for the District and 27.682% of annual payroll for the Auxiliary. The contribution requirements of the plan members are established and may be amended by State statute.

**Contributions to STRS and PERS**

The District's contributions to STRS and PERS for each of the last three fiscal years is as follows:

Year Ended <u>June 30,</u>	<u>STRS</u>		<u>PERS</u>		
	<u>Required Contribution</u>	<u>Percent Contributed</u>	<u>Required Contribution District</u>	<u>Required Contribution Auxiliary</u>	<u>Percent Contributed</u>
2007	\$3,459,326	100%	\$2,439,705	172,692	100%
2008	3,572,485	100%	2,753,880	199,837	100%
2009	3,804,273	100%	2,940,763	190,086	100%

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 11 - EMPLOYEE RETIREMENT PLANS: (continued)**

**Alternative Retirement System (ARS)**

**Plan Description**

The Alternative Retirement System Plan (ARS) is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code. The plan covers part-time, seasonal and temporary employees and employees not covered by §3121(b)(7)(F) of the Internal Revenue Code. The benefit provisions and contribution requirements of plan members are established and may be amended by the Governing Board of the District. The plan is administered by MidAmerica Administrative Solutions, Inc.

**Funding Policy**

The District does not contribute any percentage based on the employee's gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of \$493,809 during the fiscal year. The total amount of covered compensation was \$6,584,039. Contributions made by the employee vest immediately.

**NOTE 12 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN:**

The District has three Supplemental Employee Retirement Plans for faculty and management/confidential employees. The accumulated future liability for the District at June 30, 2009 is \$2,063,356.

**2005-06 Supplemental Employee Retirement Plan:**

In 2005-06, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty and management/confidential employees; this plan became effective July 1, 2006.

A total of 8 faculty and 1 management/confidential employee are participating. The District will pay benefits of \$135,075 annually over five years totaling \$675,375. The first payment was made during 2006-07. The total remaining liability of \$270,150 has been reflected in these financial statements.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 12 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN: (continued)**

**2006-07 Supplemental Employee Retirement Plan:**

In 2006-07, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty and management/confidential employees.

One management/confidential employee is participating. The District will pay benefits of \$39,521 annually through 2010-11 totaling \$197,605. The total remaining liability of \$79,042 has been reflected in these financial statements.

**2006-07 Supplemental Employee Retirement Plan**

In 2006-07, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty and management/confidential employees, effective July 1, 2007.

A total of 21 faculty employees and 12 management/confidential are participating. The District will pay benefits of \$571,388 annually through 2011-12, beginning August 2007 for a total liability of \$2,888,138. The total remaining liability of \$1,714,164 has been reflected in these financial statements.

**NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS:**

**Plan Description**

The District provides employee health benefits coverage for eligible retirees and their families. Employees hired prior to February 1, 1995 who retire from District service are eligible for Option A or B. Employees hired after February 1, 1995 are eligible for Option B.

**Option A:**

An employee who retires from the District under PERS/STRS guidelines, after more than twelve/fifteen years of service for classified/academic qualifies for District-paid hospital-medical-benefits. Employees who retire under age 65 qualify for coverage up to age 67. Employees who retire after age 65 qualify for up to 4 years of coverage past retirement based on years of service.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Plan Description (continued)

**Option B:**

An employee, who retires from the District under PERS/STRS, after more than twelve/fifteen years of service for classified/academic qualifies for one year of District-paid hospital/medical benefits for every three/five years of full-time District service.

Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a separate financial report.

Membership of the plan consisted of the following at June 30, 2009:

Retirees and beneficiaries receiving benefits	160
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>842</u>
Total	<u>1,002</u>

**Funding Policy**

The District currently finances benefits on a pay-as-you-go basis. The District incurs 100 percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For fiscal year 2008-09, the District contributed \$2,183,713 to the plan.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of 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 liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)**

**Annual OPEB Cost and Net OPEB Obligation (continued)**

Annual required contribution (ARC)	\$ 2,303,765
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	2,303,765
Contributions made	(2,183,713)
Change in net OPEB obligation	120,052
Net OPEB obligation - Beginning of Year <sup>(1)</sup>	-
Net OPEB obligation - End of Year	\$ 120,052

<sup>(1)</sup>GASB Statement No. 45 provides for prospective implementation, therefore the beginning net OPEB obligation is set at zero as of the beginning of the initial year.

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for fiscal year ended 2009 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2009	\$ 2,303,765	94.8%	\$ 120,052

Fiscal year 2008-09 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)**

**Funding Status and Funding Progress**

As of March 1, 2007, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$19,923,941 and the unfunded actuarial accrued liability (UAAL) was \$19,819,552. The covered payroll (annual payroll of active employees covered by the plan) was \$59,365,956, and the ratio of the UAAL to the covered payroll was 33.39%. The District has established an irrevocable trust to mitigate the unfunded liability required by GASB 45. For fiscal year 2008-09, the District did not make a contribution to the trust. The ending reserve balance in the trust totaled \$958,558 at June 30, 2009.

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions, also presented as required supplementary information, presents trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**Actuarial Methods and Assumptions**

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 include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit 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, if any, consistent with the long-term perspective of the calculations.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)**

**Actuarial Methods and Assumptions (continued)**

For the March 1, 2007 actuarial valuation, the most recent actuarial valuation performed, the entry age normal cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using the asset values provided by the District. The UAAL is being amortized as a level percentage of projected payroll over a 30 year amortization period. However, because there has not been a previous valuation to comply with GASB 43 and 45, it was not necessary at this time for the District to make an election with respect to whether to use an “open” or “closed” amortization period.

**NOTE 14 - JOINT VENTURES (JOINT POWERS AGREEMENTS):**

The District participates in three joint Powers Agreements (JPA) entities: the Statewide Association of Community Colleges (SWACC), Protective Insurance Program for Schools (PIPS), and the California Statewide Tax Authority (the Authority). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

SWACC provides liability and property insurance for approximately nineteen community colleges. SWACC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionately to its participation in SWACC.

PIPS provides workers' compensation insurance protection to its membership for public schools and community colleges throughout California.

The Authority purchases delinquent ad valorem property taxes from school agencies in Los Angeles County to receive additional unrestricted revenues through financing of property tax delinquencies. The Authority is a pass through entity and financial information is not available. For the fiscal year 2008-09, the District received local revenue in the amount of \$1,005,678 from the Authority.



LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 14 - JOINT VENTURES (JOINT POWERS AGREEMENTS): (continued)**

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the Long Beach Community College District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. All JPA's maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the Long Beach Community College District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

Condensed financial information for the most current information available is as follows:

	SWACC 6/30/2008 <u>(Audited)</u>	PIPS 6/30/2008 <u>(Audited)</u>
Total assets	\$ 39,034,338	\$ 65,758,281
Total liabilities	<u>19,175,367</u>	<u>41,930,893</u>
Net assets	\$ <u>19,858,971</u>	\$ <u>23,827,388</u>
Total revenues	\$ 18,702,614	\$189,049,900
Total expenditures	<u>16,731,883</u>	<u>186,467,256</u>
Change in net assets	\$ <u>1,970,731</u>	\$ <u>2,582,644</u>

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**NOTE 15 – FUNCTIONAL EXPENSES:**

	Salaries	Employee Benefits	Supplies, Materials, Utilities Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional	\$ 45,500,572	\$ 11,576,827	\$ 3,337,437	\$	\$	\$ 60,414,836
Academic Support	8,283,963	2,240,596	817,989			11,342,548
Student Services	13,166,075	3,573,209	1,126,642			17,865,926
Operation & Maintenance of Plant	5,232,846	1,420,169	3,159,867			9,812,882
Institutional Support	10,709,846	2,910,607	6,867,621			20,488,074
Community Services and Economic Development	2,367,608	642,557	3,033,668			6,043,833
Ancillary Services and Auxiliary Operations	3,874,030	1,393,514	6,427,982			11,695,526
Student Aid				33,839,409		33,839,409
Other Outgo	69,693	2,206,827	17,460,921			19,737,441
Depreciation Expense					3,767,470	3,767,470
<b>Total</b>	<b>\$ 89,204,633</b>	<b>\$ 25,964,306</b>	<b>\$ 42,232,127</b>	<b>\$ 33,839,409</b>	<b>\$ 3,767,470</b>	<b>\$ 195,007,945</b>

**NOTE 16 – RESTATEMENT TO BEGINNING NET ASSETS:**

Beginning net assets were restated for \$11,250,000 to adjust construction in progress costs capitalized during 2004-05 and 2005-06 under a prior capitalization policy.

**NOTE 17 - COMMITMENTS AND CONTINGENCIES:**

**A. State and Federal Allowances, Award 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 disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 17 - COMMITMENTS AND CONTINGENCIES: (continued)**

**B. Purchase Commitments**

As of June 30, 2009, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$19 million. Projects will be funded through bond proceeds and state funding for capital outlay projects. In addition, the issuance of a bond anticipation note is being considered to cover capital outlay commitments.

**C. Litigation**

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

**NOTE 18 - SUBSEQUENT EVENT:**

**Bond Anticipation Note**

On November 10, 2009, the Board authorized the District to proceed with the issuance and sale of Bond Anticipation Notes in the aggregate amount of \$150 million. The District anticipates to issue the notes in January 2010 and will have an anticipated maturity of 3 years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS**

For the Fiscal Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/1/2007	\$ 104,389	\$ 19,923,941	\$ 19,819,552	0.5%	\$ 59,365,956	33.39%

Note: In May 2006, the District established an irrevocable trust for investment and disbursement of funds for the payment of its obligation to eligible employees. At June 30, 2009, the balance in the trust was \$958,558 from District contributions made during the 2006-07 fiscal year net of trust activities. In addition, the District does maintain a retiree benefits fund to designate resources for retiree health care costs. At June 30, 2009, the fund's designated balance was \$9,510,040.

Fiscal year 2007-08 was the year of implementation of GASB Statement No. 43 for the District's postemployment benefit plan reported as an agency fund in the financial statements with subsequent implementation of GASB Statement No. 45 in fiscal year 2008-09. The District elected to implement prospectively, therefore, prior year comparative actuarial data is not available. In future years, three year actuarial trend information will be presented.

See the accompanying notes to the required supplementary information.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**For the Fiscal Year Ended June 30, 2009**

<b><u>Year Ended June 30,</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2008	\$ 0	N/A
2009	2,303,765	94.8%

See the accompanying notes to the required supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2009

**NOTE 1 - PURPOSE OF SCHEDULES:**

**A. Schedule of Postemployment Healthcare Benefits Funding Progress**

This schedule is prepared to show information for the most recent actuarial valuation and in future years, the information from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

**B. Schedule of Employer Contributions**

This schedule is prepared in accordance with Statement No. 43 of the Governmental Accounting Standards Board, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The schedule is intended to show trends about the percentage of the annual required contributions made to the plan.

**SUPPLEMENTARY INFORMATION**



# LONG BEACH COMMUNITY COLLEGE DISTRICT

## HISTORY AND ORGANIZATION

June 30, 2009

Long Beach Community College District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 28,000 students at two distinct but highly inter-related campuses, the Liberal Arts Campus and the Pacific Coast Campus, and at numerous satellite locations. To serve its community, Long Beach Community College District offers a comprehensive set of education programs and support services in response to student and community needs and plays a key role in transfer preparation, workforce development, basic skills, associate degrees, English as a Second Language instruction, economic development, and lifelong learning.

### BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Mark J. Bowen	President	April 2010
Dr. Thomas J. Clark	Vice President	April 2010
Mr. Jeffrey A. Kellogg	Member	April 2010
Mr. Douglas W. Otto	Member	April 2012
Mr. Roberto Uranga	Member	April 2012
Ms. Kelle Green	Student Trustee	May 2010

### ADMINISTRATION

Mr. Eloy O. Oakley	President and District Superintendent
Ms. Ann-Marie Gabel	Vice President/Assistant Superintendent, Administrative Services
Mr. Don Berz	Executive Vice President/Assistant Superintendent, Academic Affairs
Dr. Christopher Villa	Vice President/Assistant Superintendent, Student Support Services
Ms. Lou Anne Bynum	Vice President/Assistant Superintendent, Economic and Resource Development
Ms. Rose Del Gaudio	Vice President/Assistant Superintendent, Human Resources

LONG BEACH COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2009

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
<b>Federal Categorical Aid Programs:</b>			
<b>Student Financial Aid Cluster</b>			
Department of Education			
Direct			
Supplemental Educational Opportunities Grant (SEOG)	84 007	n/a	\$ 538,174
Administrative Allowance - Campus Based Programs	84 000	n/a	77,959
Federal Work Study	84.033	n/a	576,304
Administrative Allowance - Pell	84.063	n/a	44,845
Pell	84.063	n/a	24,497,583
William D. Ford Direct Loan Program	84.268	n/a	5,115,729
Academic Competitiveness Grant	84.375	n/a	<u>163,975</u>
Total Student Financial Aid Cluster			<u>31,014,569</u>
<b>TRIO Cluster</b>			
Department of Education			
Direct			
Student Support Services-Project Launch	84.042A	n/a	275,348
Student Support Services-Disabled	84.042A	n/a	244,878
Upward Bound	84 047A	n/a	<u>589,274</u>
Total TRIO Cluster			<u>1,109,500</u>
<b>Workforce Investment Act (WIA) Cluster</b>			
Department of Labor			
Pass-Through Program from California Community College Chancellor's Office:			
Workforce Investment Act, Nursing Initiative Chancellor's Office	17 258	(1)	269,965
Pass-Through Program from City of Long Beach			
Workforce Investment Act, Logistics Partnership	17.258	(1)	<u>19,633</u>
Total Workforce Investment Act Cluster			<u>289,598</u>
<b>Department of Agriculture</b>			
Direct			
Child Nutrition Program	10.558	n/a	<u>25,472</u>
<b>Small Business Development Center</b>			
Direct			
Small Business Development Center (SBDC)	59.037	n/a	<u>2,949,423</u>

See the accompanying notes to the supplementary information.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2009**

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Program Expenditures</u>
<b>Department of Education</b>			
Direct:			
Title V: Support and Knowledge Improves Latino Learning Success (SKILLS)	84.031S	n/a	760,296
Title V: Strengthening Student Success and Transfer Through a Cooperative Partnership	84.031S	n/a	759,443
Veteran's Education	84.065	n/a	<u>3,210</u>
Subtotal Direct Programs			<u>1,522,949</u>
Pass-Through Program from California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C	84.048	(1)	1,091,875
Tech Prep Education	84.243	(1)	<u>78,274</u>
Subtotal Pass-Through Program from California Community College Chancellor's Office			<u>1,170,149</u>
Total Department of Education			<u>2,693,098</u>
<b>Department of Health and Human Services</b>			
Pass-Through Program from California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	<u>215,071</u>
<b>Corporation for National and Community Service (CNCS)</b>			
Direct:			
Americorps National Service Awards	94.006	n/a	<u>133,064</u>
Total Federal Grants			<u>\$ 38,429,795</u>
<b>Student Financial Aid Loan Programs:</b>			
<u>Loans Outstanding</u>			
Long Beach Community College District had the following loan balance outstanding as of 6/30/09:			
Perkins Program	84.038	n/a	<u>\$ 2,066,075</u>

Note: (1) Pass-through entity identifying number not readily available.

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS  
 For the Fiscal Year Ended June 30, 2009

Program Name	Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total	Program Expenditures
State Categorical Aid Programs:						
Basic Skills	\$ 1,107,231	\$	\$	\$	\$ 1,107,231	\$ 1,107,231
Block Grant, One-Time	667,890		420,944		246,946	246,946
Board of Governors Financial Assistant Program (BFAP)	871,096		3,283		867,813	867,813
CalWORKS	1,113,277			10,385	1,102,892	1,102,892
Cooperative Agencies Resources for Education (CARE)	56,336		6,810		49,526	49,526
Disabled Student Program and Services (DSPS)	1,660,413				1,660,413	1,660,413
Extended Opportunities Program and Services (EOFS)	1,256,878		27,814		1,229,064	1,229,064
Matriculation, Credit	1,314,209		72,137		1,242,072	1,242,072
Matriculation, Non-Credit	251,677				251,677	251,677
Nursing Faculty Retention Program	874,714	58,394			933,108	933,108
Staff Development	53,627		3,798		49,829	49,829
Staff Diversity	49,968		35,452		14,516	14,516
Telecommunications and Technology Infrastructure Program (TTIP):						
TTIP Grant	1,102				1,102	1,102
TTIP, Library Automation	64,076		29,309		34,767	34,767
TTIP, Total Cost of Ownership (TCO)	8,911				8,911	8,911
Total State Programs	\$ 9,351,405	\$ 58,394	\$ 599,547	\$ 10,385	\$ 8,799,867	\$ 8,799,867

See the accompanying notes to the supplementary information.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
ANNUAL (ACTUAL) ATTENDANCE  
For the Fiscal Year Ended June 30, 2009**

	Annual - Factored		
	Reported Data	Audit Adjustments	Revised Data
<b>A. Summer Intersession (Summer 2008 only)</b>			
1. Noncredit <sup>1</sup>	216.52		216.52
2. Credit	657.66		657.66
<b>B. Summer Intersession (Summer 2009 - Prior to July 1, 2009)</b>			
1. Noncredit <sup>1</sup>	0.82		0.82
2. Credit	1,263.91		1,263.91
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	14,519.02		14,519.02
(b) Daily Census Contact Hours	3,317.07		3,317.07
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit <sup>1</sup>	986.89		986.89
(b) Credit	426.31		426.31
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	76.97		76.97
(b) Daily Census Contact Hours	34.46		34.46
(c) Noncredit Independent Study/Distance Education Courses	N/A		N/A
<b>D. Total FTES</b>	21,499.63	-	21,499.63
<b>Supplemental Information (subset of above information)</b>			
E. In-Service Training Courses (FTES)	358.13		
H. Basic Skills courses and Immigrant Education			
(a) Noncredit <sup>1</sup>	757.59		
(b) Credit	1,176.07		
<b><u>CCFS 320 Addendum</u></b>			
CDCP Noncredit FTES	583.40		
<b>Centers FTES</b>			
Noncredit	710.39		
Credit	3,886.27		

<sup>1</sup> Including Career Development and College Preparation (CDCP) FTES

N/A - Workload Measure is not applicable

See the accompanying notes to the supplementary information.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FUND BALANCES  
For the Fiscal Year Ended June 30, 2009**

The audit resulted in one adjustment to the fund balances reported on the June 30, 2009 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

	<u>Bond Construction Funds</u>
Annual Financial and Budget Report Fund Balance (CCFS-311)	
June 30, 2009 Fund Balance, before adjustments	\$ 18,754,182
Adjustment:	
Underaccrual of accounts payable	<u>(1,167,826)</u>
June 30, 2009 Audited Fund Balance	<u>\$ 17,586,356</u>

The financial data for activity of the Auxiliary and activity of the Associated Student Body (ASB) are a component part of these financial statements that are not reported in the District's CCFS-311 series.

Additional entries were made to comply with the GASB 34/35 reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

See the accompanying notes to the supplementary information.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**For the Fiscal Year Ended June 30,**

	<u>(Budget) 2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>COMBINED GENERAL FUND:</u></b>								
<b><u>Revenue</u></b>								
Federal	\$ 9,212,152	6.9	\$ 7,939,798	5.7	\$ 7,337,301	5.5	\$ 7,532,788	6.0
State	94,356,243	70.3	102,253,100	75.2	104,336,861	77.8	99,214,161	78.5
County and Local	21,647,792	16.1	22,621,439	16.6	20,533,065	15.3	25,686,929	20.3
Other Financing Sources	2,171,640	1.6	3,309,141	2.4	3,521,215	2.6	1,693,294	1.3
Total Revenue	<u>127,387,827</u>	<u>94.9</u>	<u>136,123,478</u>	<u>100.0</u>	<u>135,728,442</u>	<u>101.3</u>	<u>134,127,172</u>	<u>106.1</u>
<b><u>Expenditures</u></b>								
Academic Salaries	50,068,147	37.5	52,657,102	37.7	50,693,690	37.8	48,448,326	38.3
Classified Salaries	32,378,005	24.1	33,413,549	24.6	32,045,774	23.9	29,019,815	23.0
Employee Benefits	26,749,132	19.9	26,653,730	19.6	25,845,628	19.3	23,999,484	19.0
Supplies and Materials	2,459,282	1.8	2,422,609	1.8	2,496,110	1.9	2,701,085	2.1
Other Operating Expenses and Services	16,521,917	12.3	13,575,969	10.0	12,956,039	9.7	13,552,963	10.7
Capital Outlay	1,910,946	1.4	3,012,878	2.2	5,043,732	3.8	2,598,862	2.1
Other Uses	4,072,551	3.0	4,284,871	3.2	4,953,482	3.6	6,059,161	4.8
Total Expenditures	<u>134,159,980</u>	<u>100.0</u>	<u>136,020,708</u>	<u>100.0</u>	<u>134,034,455</u>	<u>100.0</u>	<u>126,379,696</u>	<u>100.0</u>
Change in Fund Balance	<u>\$ (6,772,153)</u>	<u>(5.0)</u>	<u>\$ 102,770</u>	<u>0.1</u>	<u>\$ 1,693,987</u>	<u>1.3</u>	<u>\$ 7,747,476</u>	<u>6.1</u>
Restatement of Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 425,390</u>	<u>0.3</u>
Ending Fund Balance	<u>\$ 11,230,716</u>	<u>8.4</u>	<u>\$ 18,002,869</u>	<u>13.2</u>	<u>\$ 17,900,099</u>	<u>13.4</u>	<u>\$ 16,206,112</u>	<u>12.8</u>
Available Reserve Balance	<u>\$ 6,657,949</u>	<u>5.0</u>	<u>\$ 13,446,897</u>	<u>9.9</u>	<u>\$ 10,074,971</u>	<u>7.5</u>	<u>\$ 7,475,434</u>	<u>5.9</u>
Full-time Equivalent Students	<u>21,499</u>		<u>21,499</u>		<u>21,529</u>		<u>21,268</u>	
Total Long-Term Debt	<u>\$ 376,596,027</u>		<u>\$ 232,422,011</u>		<u>\$ 235,354,014</u>		<u>\$ 164,144,566</u>	

**IMPORTANT NOTES:**

- (1) Available reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the unrestricted General Fund. The California Community College Chancellor's Office has provided guidelines that recommend an ending fund balance of 3% of unrestricted expenditures as a minimum, with a prudent ending fund balance being 5% of expenditures.
- (2) Full-time equivalent students (FTES) represent credit and non-credit factored FTES and excludes FTES generated by non-residents.
- (3) The 2010 budget is the Plan and Budget adopted by the Board of Trustees on September 8, 2009.
- (4) All percentages are of total expenditures including contingencies.

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND  
For the Fiscal Year Ended June 30, 2009

	General Fund (Combined)		
	Adopted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
<b>Revenue from Federal Sources</b>			
Higher Education Act	\$ 2,090,052	\$ 1,519,739	\$ (570,313)
Temporary Assistance for Needy Families (TANF)	214,073	215,071	998
Veterans Education	8,029	3,210	(4,819)
Vocational and Technical Education Act	1,174,602	1,170,149	(4,453)
Other Federal Revenue	4,466,255	5,031,629	565,374
<b>Revenue from State Sources</b>			
General Apportionments	88,760,766	86,985,881	(1,774,885)
Categorical Apportionments	13,543,303	12,275,633	(1,267,670)
Other State Revenues	3,168,125	2,991,587	(176,538)
<b>Revenue from Local Sources</b>			
Property Taxes	9,931,190	11,313,339	1,382,149
Interest and Investment Income	800,000	426,953	(373,047)
Student Fees and Charges	6,724,716	7,819,753	1,095,037
Other Local Revenue	2,947,103	3,061,393	114,290
<b>TOTAL REVENUES</b>	<u>133,828,214</u>	<u>132,814,337</u>	<u>(1,013,877)</u>
<b>EXPENDITURES</b>			
Academic Salaries	53,220,850	52,657,102	563,748
Classified Salaries	33,934,967	33,413,549	521,418
Employee Benefits	27,351,196	26,653,730	697,466
Supplies and Materials	2,954,627	2,422,609	532,018
Other Operating Expenses & Services	16,178,980	13,575,969	2,603,011
Capital Outlay	2,148,437	3,012,878	(864,441)
<b>TOTAL EXPENDITURES</b>	<u>135,789,057</u>	<u>131,735,837</u>	<u>4,053,220</u>
Excess of revenues(deficiencies) over expenditures	<u>(1,960,843)</u>	<u>1,078,500</u>	<u>3,039,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers In	3,058,291	3,309,141	250,850
Interfund Transfers Out	(3,585,439)	(3,756,910)	(171,471)
Student Financial Aid	(470,482)	(527,961)	(57,479)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(997,630)</u>	<u>(975,730)</u>	<u>21,900</u>
Excess of revenues(deficiencies) over expenditures and other sources (uses)	<u>\$ (2,958,473)</u>	<u>102,770</u>	<u>\$ 3,061,243</u>
Fund Balances, beginning of year		<u>17,900,099</u>	
Fund Balance, end of year		<u>\$ 18,002,869</u>	

See the accompanying notes to the supplementary information.



**LONG BEACH COMMUNITY COLLEGE DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2009**

**NOTE 1 - PURPOSE OF SCHEDULES:**

**A. Schedules of Expenditures of Federal Awards and State Financial Assistance**

The audit of the Long Beach Community College District for the year ended June 30, 2009 was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. To comply with A-133 and state requirements, the Schedules of Expenditures of Federal Awards and State Financial Assistance were prepared for the Long Beach Community College District on the accrual basis of accounting.

**B. Schedule of Workload Measures for State General Apportionment**

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the Long Beach Community College District's annual source of funding.

**C. Reconciliation of Annual Financial and Budget Report with Audited Fund Balances**

This schedule reports any audit adjustments made to the fund balances of applicable funds as reported on the Form CCFS-311.

**D. Schedule of Financial Trends and Analysis**

The report is prepared to show financial trends of the General Fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

**E. Schedule of Budgetary Comparison for the General Fund**

Continuing disclosure for the general obligation bond requires a budgetary comparison be presented for the General Fund. This schedule presents the adopted General Fund budget as of the fiscal year end, actual amounts at fiscal year end and the variance between the adopted budget and actual amounts.

**OTHER INDEPENDENT AUDITORS' REPORTS**



**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***

The Board of Trustees  
Long Beach Community College District  
4901 E. Carson Street  
Long Beach, CA 90808

We have audited the basic financial statements of Long Beach Community College District (the District) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Long Beach Community College 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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

**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***

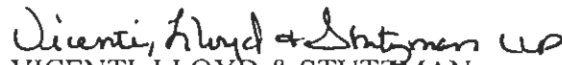
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies 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 Long Beach Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 management, the audit committee, the Board, the California Department of Finance, the State Chancellor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
VICENTI, LLOYD & STUTZMAN LLP

November 16, 2009



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

The Board of Trustees  
Long Beach Community College District  
4901 E. Carson Street  
Long Beach, CA 90808

Compliance

We have audited the compliance of Long Beach Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

  
VICENTI, LLOYD & STUTZMAN LLP

November 16, 2009



## REPORT ON STATE COMPLIANCE

The Board of Trustees  
Long Beach Community College District  
4901 E. Carson Street  
Long Beach, CA 90808

We have audited the basic financial statements of Long Beach Community College District, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009.

Our audit was made in accordance with auditing standards generally accepted in the United States of America, and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the Chancellor's Office's California Community Colleges Contracted District Audit Manual (CDAM). Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination:

- Whether the District's salaries of classroom instructors equal or exceed 50 percent of the District's current expense of education in accordance with Section 84362 of the Education Code.
- Whether the District has the appropriate documentation to support the FTES, if any, that are claimed for instructional service agreements/contracts.
- Whether the District has the ability to support timely accurate and complete information for workload measures used in the calculation of State General Apportionment.
- Whether the District has acted to ensure that the residency of each student is properly classified and that only the attendance of California residents is claimed for apportionment purposes.

## REPORT ON STATE COMPLIANCE

- Whether the District claimed for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date.
- Whether District has complied with all requirements necessary to claim FTES for the attendance of concurrently enrolled K-12 pupils.
- Whether the District had local funds to support at least 75 percent of the credit matriculation activities and that all matriculation expenditures are consistent with the District's State approved matriculation plan.
- Whether the Gann Limit Calculation was properly calculated and supported by adequate documentation.
- Whether the District is reporting the total amount that students should have paid for enrollment fees for the purpose of determining the District's share of annual apportionment.
- Whether the District expended CalWORKS program State and TANF funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKS students.
- Whether the District spent an amount equal to or greater than the amount provided by the State for scheduled maintenance and special repairs. Funds provided by the State must be to supplement, not supplant, District scheduled maintenance funds. The amount expended for plant maintenance and operations during the base year of 1995-96 was \$3,857,806.
- Whether all District courses that qualify for State apportionment are open to enrollment by the general public unless specifically exempted by statute.
- Whether the District has adopted policies or regulations regarding the authority of the District to require students to provide various types of instructional materials and whether the District has advised students of the exemptions from payment of health fees and established a process to ensure that students may claim the exemptions.

In our opinion, Long Beach Community College District complied with the compliance requirements for the state programs listed on the previous pages and tested. Nothing came to our attention as a result of the aforementioned procedures to indicate that Long Beach Community College District had not complied with the terms and conditions of state assisted educational programs not selected for testing.

Our examination of compliance made for the purposes set forth in the preceding paragraph of this report would not necessarily disclose all instances of noncompliance.



## REPORT ON STATE COMPLIANCE

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

*Vicenti, Lloyd & Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

November 16, 2009

## **FINDINGS AND RECOMMENDATIONS**

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SUMMARY OF AUDITOR RESULTS**  
**June 30, 2009**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weakness(es) identified?        Yes   X   No  
 Significant deficiencies identified not considered  
 to be material weaknesses?        Yes   X   None reported  
 Noncompliance material to financial statements noted?        Yes   X   No

*Federal Awards*

Internal control over major programs:  
 Material weakness(es) identified?        Yes   X   No  
 Significant deficiencies identified not considered  
 to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for  
 major programs: Unqualified

Any audit findings disclosed that are required to be  
 Reported in accordance with Circular A-133,  
 Section .510(a)        Yes   X   No

*Identification of major programs tested:*

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.000, 84.007, 84.033, 84.063, 84.268 and 84.375	Student Financial Assistance Cluster of Programs
84.031S	Title V: Support and Knowledge Improves Latino Learning Success (SKILLS)
84.031S	Title V: Strengthening Student Success and Transfer Through a Cooperative Partnership
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between Type A  
 and Type B programs: \$ 1,152,894

Auditee qualified as low-risk auditee?        Yes   X   No

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**RELATED TO FINANCIAL STATEMENTS**  
**June 30, 2009**

There were no findings and questioned costs related to financial statements for the fiscal year ended June 30, 2009.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**RELATED TO FEDERAL AWARDS**  
**June 30, 2009**

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2009.

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2009**

There were no prior year findings and questioned costs related to financial statements for the fiscal year ended June 30, 2008.

**CONTINUING DISCLOSURE INFORMATION**

**LONG BEACH COMMUNITY COLLEGE DISTRICT**  
**CONTINUING DISCLOSURE INFORMATION (UNAUDITED)**  
**June 30, 2009**

Assessed valuation for fiscal year 2008-09	\$48,965,846,982	(2)
Secured tax levies for fiscal year 2008-09	\$ 9,940,099	(1)
Secured tax delinquencies for fiscal year 2008-09	\$ 804,377	(1)
Secured tax collections for fiscal year 2008-09	\$ 9,135,722	(1)

**2008-09 Largest Local Secured Taxpayers**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2008-09 Assessed Valuation</u>	<u>% of Total</u>
1. The Boeing Company	Industrial	\$ 405,225,570	0.83%
2. Macerich Lakewood LLC	Shopping Center	269,952,719	0.55
3. AES Alamitos LLC	Power Plant	248,600,000	0.51
4. Legacy Partners II LB World Trade LLC	Office Building	151,878,000	0.31
5. Camden Realty Inc.	Apartments	134,334,702	0.27
6. Trizechahn Colony Square GP LLC	Office Building	112,098,000	0.23
7. 200 Oceangate LLC	Office Building	94,100,000	0.19
8. GRE Shoreline Square LP	Office Building	92,749,579	0.19
9. Noble Utah Long Beach LLC	Hotel	85,312,800	0.17
10. Advanced Group 05-86	Apartments	80,215,201	0.16
11. City Place Long Beach LLC	Shopping Center	76,019,792	0.16
12. HEI Long Beach LLC	Hotel	61,988,353	0.13
13. Arco Terminal Services Corp.	Industrial	60,464,704	0.12
14. Sunstone Ocean LLC	Hotel	58,512,096	0.12
15. Alamitos Bay Partnership	Hotel	55,379,744	0.11
16. ASN City Place LLC	Commercial	47,798,734	0.10
17. Los Altos Gateway LLC	Commercial	47,073,104	0.10
18. Pacific Castle	Shopping Center	46,003,365	0.09
19. ASN Meadow Wood LLC	Apartments	41,085,861	0.08
20. Legacy Partners I Long Beach Oceangate	Office Building	<u>39,535,200</u>	<u>0.08</u>
		\$2,208,327,524	4.51%

2008-09 Local Secured Assessed Valuation: \$48,965,846,982

(1)Information obtained from the Los Angeles County Auditor-Controller's Office.

(2)Information obtained from California Municipal Statistics, Inc.