

CABRILLO COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2010 AND 2009

CABRILLO COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



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

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cabrillo Community College District
Aptos, California

We have audited the accompanying basic financial statements of the business-type activities of Cabrillo Community College District (the District) as of and for the years ended June 30, 2010 and 2009, and its discretely presented component unit the Cabrillo College Foundation as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Cabrillo Community College District and its discretely presented component unit as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

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

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

The Additional Supplementary Information as listed in the table of contents has been presented at the request of District management for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vavrinek, Tine, Day & Co LLP

Pleasanton, California
March 2, 2011

CABRILLO COMMUNITY COLLEGE DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

USING THE ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities programs and financial condition of the Cabrillo Community College District (the District) as of June 30, 2010. The report consists of three basic financial statements: the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows and provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL HIGHLIGHTS

- The District's primary funding source is based upon apportionment received from the State of California. The primary basis of this apportionment is the calculation of Full Time Equivalent Students (FTES). During the 2009-2010 fiscal year, the factored reported FTES were 12,799 as compared to 13,472 in the 2008-2009 fiscal year. The fully funded cap for fiscal year 2009-2010 is 11,357.
- The District continued several construction and modernization projects during 2009-10. These projects are funded both through State construction revenues and through our voter approved general obligation bond.
- Costs for employee salaries decreased 4% as compared to the 2008-09 fiscal year and costs associated with current employee benefits remained fairly stable. Employee benefit costs also include \$493,371 for unfunded future retiree health benefits and \$ 932,411 for current retiree health benefits. The increase in the benefit costs has been due to continued rising costs of health and welfare benefits paid on behalf of both current employees and retirees and increased contribution rates for PERS retirement contributions.
- During the 2009-2010 fiscal year, the District provided approximately \$14 million in financial aid to students attending classes at the college. This aid was provided in the form of grants, scholarships, loans, and tuition reductions funded through the Federal government, State Chancellor's Office, and local funding.

CABRILLO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

THE DISTRICT AS A WHOLE

Net Assets

Table 1

ASSETS	2010	2009	2008
Current Assets			
Cash and investments	\$ 42,017,604	\$ 51,467,567	\$ 82,152,587
Accounts receivable (net)	14,773,828	22,981,252	9,008,964
Other current assets	1,453,530	1,302,018	1,495,807
Total Current Assets	<u>58,244,962</u>	<u>75,750,837</u>	<u>92,657,358</u>
Noncurrent Assets			
Capital assets (net)	242,403,893	224,913,519	193,408,564
Other noncurrent assets	555,276	574,424	593,572
Total Noncurrent Assets	<u>242,959,169</u>	<u>225,487,943</u>	<u>194,002,136</u>
Total Assets	<u>301,204,131</u>	<u>301,238,780</u>	<u>286,659,494</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12,267,895	13,374,967	10,677,707
Amounts held in trust for others ^[1]	-	1,133,078	1,169,969
Current portion of long-term debt	5,354,355	5,544,027	4,912,125
Total Current Liabilities	<u>17,622,250</u>	<u>20,052,072</u>	<u>16,759,801</u>
Long-term Debt	<u>192,659,958</u>	<u>194,797,641</u>	<u>195,137,521</u>
Total Liabilities	<u>210,282,208</u>	<u>214,849,713</u>	<u>211,897,322</u>
NET ASSETS			
Invested in capital assets	65,060,143	60,213,260	52,094,331
Restricted	10,386,904	10,288,760	10,334,727
Unrestricted	15,474,876	15,887,047	12,333,114
Total Net Assets	<u>\$ 90,921,923</u>	<u>\$ 86,389,067</u>	<u>\$ 74,762,172</u>

^[1] The 2009-10 financial statement presentation has been changed to exclude fiduciary funds from the Statements of Net Assets – Primary Government, and to include those amounts on a separate Statement of Fiduciary Net Assets.

CABRILLO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Operating Results for the Year

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets*.

Table 2

	2010	2009	2008
Operating Revenues			
Tuition and fees	\$ 7,318,109	\$ 6,535,190	\$ 4,625,732
Auxiliary sales and charges	3,495,285	3,875,108	3,672,652
Total Operating Revenues	<u>10,813,394</u>	<u>10,410,298</u>	<u>8,298,384</u>
Operating Expenses			
Salaries and benefits	60,730,223	62,638,617	61,321,304
Payment to students	13,708,581	8,857,157	5,175,369
Supplies, maintenance and other	17,141,998	18,887,245	14,693,124
Depreciation	4,674,666	4,352,098	3,974,021
Total Operating Expenses	<u>96,255,468</u>	<u>94,735,117</u>	<u>85,163,818</u>
Loss on Operations	<u>(85,442,074)</u>	<u>(84,324,819)</u>	<u>(76,865,434)</u>
Nonoperating Revenues			
State apportionments	35,099,643	36,822,113	34,830,414
Property taxes	31,058,278	31,097,066	29,538,736
Grants and contracts	25,300,929	20,502,706	18,268,558
Net interest expense	(10,661,877)	(9,110,814)	(7,258,172)
Other nonoperating revenues (expenses)	2,888,685	5,133,789	3,507,783
Total Nonoperating Revenue	<u>83,685,658</u>	<u>84,444,860</u>	<u>78,887,319</u>
Other Revenues			
State and local capital income	6,289,272	11,506,854	6,865,464
Net Increase in Net Assets	<u>\$ 4,532,856</u>	<u>\$ 11,626,895</u>	<u>\$ 8,887,349</u>

The District's primary revenue fund is the State apportionment calculation which is comprised of three sources of revenues: local property taxes, student enrollment fees, and State apportionment.

Auxiliary revenue consists of the bookstore operations. The college campus maintains its own bookstores and cafeterias to provide services to the students and faculty of the college. The operations are self-supporting and contribute to the student programs on each campus.

Grant and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

Tuition and fee revenue includes enrollment fees of \$3,912,329 for 2009-2010 and \$3,366,287 for 2008-2009. The balance of the tuition and fee revenue line consists of other fees and revenues.

CABRILLO COMMUNITY COLLEGE DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

Changes in Cash Position

Table 3

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash Provided by (Used in)			
Operating activities	\$ (80,199,626)	\$ (77,900,267)	\$ (76,036,041)
Noncapital financing activities	88,965,636	73,197,302	77,848,662
Capital financing activities	(18,370,258)	(26,893,463)	(23,599,721)
Investing activities	154,285	911,408	2,701,599
Net Increase (Decrease) in Cash	<u>(9,449,963)</u>	<u>(30,685,020)</u>	<u>(19,085,501)</u>
Cash, Beginning of Year	51,467,567	82,152,587	101,238,088
Cash, End of Year	<u>\$ 42,017,604</u>	<u>\$ 51,467,567</u>	<u>\$ 82,152,587</u>

The Statement of Cash Flows in the financial statements provides more detailed information about our cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. Our primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment revenues and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it comes from the general resources of the State and not from the primary users of the college's programs and services – our students. The District depends upon this funding to continue the current level of operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had \$242.4 million in a broad range of capital assets, including land, buildings, and furniture and equipment. At June 30, 2009, our net capital assets were \$224.9 million. The District is currently in the middle of a major capital improvement program with construction ongoing throughout the college campus. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed at which time the cost of the buildings and/or improvements will be brought in to the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2010-2011 fiscal year and beyond with primary funding through our general obligation bond.

CABRILLO COMMUNITY COLLEGE DISTRICT

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Table 4

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	\$ 131,131,103	\$ 19,847,873	\$ (11,318,149)	\$ 139,660,827
Buildings and improvements	121,783,786	11,291,462	-	133,075,248
Furniture and equipment	12,687,087	2,343,854	-	15,030,941
Subtotal	265,601,976	33,483,189	(11,318,149)	287,767,016
Accumulated depreciation	(40,688,457)	(4,674,666)	-	(45,363,123)
	<u>\$ 224,913,519</u>	<u>\$ 28,808,523</u>	<u>\$ (11,318,149)</u>	<u>\$ 242,403,893</u>

Obligations

At the end of the 2009-2010 fiscal year, the District had \$198,014,313 in general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the Cabrillo Community College District boundaries. Other obligations for the District includes Certificates of Participation issued to fund various capital improvement projects throughout the District.

In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreements for equipment.

Table 5

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	\$ 194,708,537	\$ 3,877,642	\$ (6,103,501)	\$ 192,482,678
COPs and notes payable	2,430,000	-	(220,000)	2,210,000
Other liabilities	3,203,131	493,731	(375,227)	3,321,635
Total Long-term Debt	<u>\$ 200,341,668</u>	<u>\$ 4,371,373</u>	<u>\$ (6,698,728)</u>	<u>\$ 198,014,313</u>
Amount due within one year				<u>\$ 5,354,355</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final amendment to the budget for the 2009-2010 fiscal year on September 14, 2009.

Within the Unrestricted General Fund, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize post retirement benefits.

CABRILLO COMMUNITY COLLEGE DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE CABRILLO COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent approximately 90 percent of the total unrestricted sources of revenues received within the General Fund. The District's student enrollment is currently up. There is uncertainty as to the actual level of funding the District will receive for student enrollment. With the current budget situation, the District continues to monitor enrollment and operating costs of the District to ensure ongoing financial stability and retain the reserve levels required by our Board of Trustees and the State Chancellor's Office.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Cabrillo Community College District, Victoria Lewis, Vice President of Administrative Services by phone at 831-479-6406 or by email at vilewis@cabrillo.edu.

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET ASSETS – PRIMARY GOVERNMENT
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 14,128,970	\$ 14,721,759
Restricted cash and cash equivalents	27,888,634	36,745,808
Accounts receivable	14,773,828	22,981,252
Due from fiduciary funds	108,191	-
Prepaid expenses	576,588	475,763
Deferred charges	19,148	19,148
Stores inventories	749,603	807,107
Total Current Assets	<u>58,244,962</u>	<u>75,750,837</u>
Noncurrent Assets		
Deferred charges - noncurrent portion	555,276	574,424
Nondepreciable capital assets	139,660,827	131,131,103
Depreciable capital assets, net of depreciation	102,743,066	93,782,416
Total Noncurrent Assets	<u>242,959,169</u>	<u>225,487,943</u>
TOTAL ASSETS	<u>301,204,131</u>	<u>301,238,780</u>
LIABILITIES		
Current Liabilities		
Accounts payable	6,178,894	6,522,251
Interest payable	2,467,668	2,540,034
Due to fiduciary funds	4,985	-
Deferred revenue	3,616,348	4,312,682
Amounts held in custody on behalf of others	-	1,133,078
Certificates of participation - current portion	230,000	220,000
Lease obligations - current portion	315,507	301,218
Bonds payable - current portion	4,808,848	5,022,809
Total Current Liabilities	<u>17,622,250</u>	<u>20,052,072</u>
Noncurrent Liabilities		
Compensated absences payable	1,207,424	1,281,433
Certificates of participation - noncurrent portion	1,980,000	2,210,000
Lease obligations - noncurrent portion	676,628	992,135
OPEB liability	1,122,077	628,346
Bonds payable - noncurrent portion	187,673,829	189,685,727
Total Noncurrent Liabilities	<u>192,659,958</u>	<u>194,797,641</u>
TOTAL LIABILITIES	<u>210,282,208</u>	<u>214,849,713</u>
NET ASSETS		
Invested in capital assets, net of related debt	65,060,143	60,213,260
Restricted for:		
Debt service	9,267,235	8,787,254
Educational programs	1,119,669	1,501,506
Unrestricted	15,474,876	15,887,047
TOTAL NET ASSETS	<u>\$ 90,921,923</u>	<u>\$ 86,389,067</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
OPERATING REVENUES		
Student Tuition and Fees	\$ 10,304,196	\$ 8,608,439
Less: Scholarship discount and allowance	(2,986,087)	(2,073,249)
Net tuition and fees	<u>7,318,109</u>	<u>6,535,190</u>
Auxiliary Enterprise Sales and Charges		
Bookstore	3,495,285	3,875,108
TOTAL OPERATING REVENUES	<u>10,813,394</u>	<u>10,410,298</u>
OPERATING EXPENSES		
Salaries	44,779,068	46,796,540
Employee benefits	15,951,155	15,842,077
Payment to students	13,708,581	8,857,157
Supplies, materials, and other operating expenses and services	17,141,998	18,887,245
Depreciation	4,674,666	4,352,098
TOTAL OPERATING EXPENSES	<u>96,255,468</u>	<u>94,735,117</u>
OPERATING LOSS	<u>(85,442,074)</u>	<u>(84,324,819)</u>
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	35,099,643	36,822,113
Local property taxes, levied for general purposes	18,611,162	19,331,701
Local property taxes, levied for other specific purposes	12,447,116	11,765,365
Federal revenues	15,874,791	10,125,475
State revenues	9,426,138	10,377,231
Investment income, net	154,284	826,287
Interest expense on capital related debt	(10,816,161)	(9,937,101)
Transfer from agency fund	35,702	-
Other nonoperating revenues (expenses)	2,852,983	5,133,789
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>83,685,658</u>	<u>84,444,860</u>
INCOME BEFORE OTHER REVENUES AND EXPENSES	(1,756,416)	120,041
State revenues, capital	<u>6,289,272</u>	<u>11,506,854</u>
CHANGE IN NET ASSETS	4,532,856	11,626,895
NET ASSETS, BEGINNING OF YEAR	<u>86,389,067</u>	<u>74,762,172</u>
NET ASSETS, END OF YEAR	<u>\$ 90,921,923</u>	<u>\$ 86,389,067</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 7,408,979	\$ 6,679,117
Payments to vendors for supplies and services	(17,187,907)	(18,126,748)
Payments to or on behalf of employees	(59,583,393)	(61,470,587)
Payments to students for scholarships and grants	(14,332,590)	(8,857,157)
Auxiliary enterprise sales and charges:		
Bookstore	3,495,285	3,875,108
Net Cash Flows From Operating Activities	<u>(80,199,626)</u>	<u>(77,900,267)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	34,218,772	33,043,311
Property taxes - nondebt related	18,611,162	19,331,701
Federal grants and contracts	15,874,791	9,448,129
State grants and contracts	9,426,138	8,959,643
Local grants and contracts	11,967,851	2,414,518
Student organization and other agency transactions	(1,133,078)	-
Net Cash Flows From Noncapital Financing Activities	<u>88,965,636</u>	<u>73,197,302</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(23,471,042)	(35,587,053)
State revenue, capital projects	6,289,272	7,904,736
Property taxes - related to capital debt	12,447,116	11,765,365
Cash received from issuance of debt	3,877,642	1,807,311
Principal paid on capital debt	(6,624,719)	(6,327,451)
Interest paid on capital debt	(10,888,527)	(6,186,371)
Net Cash Flows From Capital Financing Activities	<u>(18,370,258)</u>	<u>(26,623,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	154,285	911,408
Net Cash Flows From Investing Activities	<u>154,285</u>	<u>911,408</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(9,449,963)	(30,685,020)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	51,467,567	82,152,587
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 42,017,604</u>	<u>\$ 51,467,567</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (85,442,074)	\$ (84,324,819)
Adjustments to Reconcile Operating Loss to Net Cash Flows from by Operating Activities:		
Depreciation and amortization expense	4,674,666	4,352,098
Changes in Assets and Liabilities:		
Receivables, net	(337,838)	(573,759)
Stores Inventories	57,504	(39,920)
Prepaid expenses	(100,825)	233,709
Due from fiduciary funds	(342,922)	-
Accounts payable and accrued liabilities	760,955	320,152
Deferred revenue	530,908	2,169,163
Funds held for others	-	(36,891)
Total Adjustments	<u>5,242,448</u>	<u>6,424,552</u>
Net Cash Flows From Operating Activities	<u><u>\$ (80,199,626)</u></u>	<u><u>\$ (77,900,267)</u></u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash and cash equivalents	\$ 14,128,970	\$ 14,721,759
Restricted cash and cash equivalents	<u>27,888,634</u>	<u>36,745,808</u>
Total Cash and Cash Equivalents	<u><u>\$ 42,017,604</u></u>	<u><u>\$ 51,467,567</u></u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	2010		2009	
	Trust	Agency Funds	Trust	Agency Funds
ASSETS				
Cash and cash equivalents	\$ 1,081,216	\$ 1,221,065	\$ 1,071,168	\$ 1,139,561
Accounts receivable, net	8,500	-	3,413	-
Due from other funds	3,027	1,958	-	97,172
Total Assets	1,092,743	\$ 1,223,023	1,074,581	\$ 1,236,733
LIABILITIES				
Accounts payable	104,963	\$ 548	4,482	\$ 63
Due to other funds	52,754	55,437	45,731	45,357
Deferred revenue	-	3,086	-	58,235
Due to student groups	-	1,163,952	-	1,133,078
Total Liabilities	157,717	\$ 1,223,023	50,213	\$ 1,236,733
NET ASSETS				
Reserved	935,026		1,024,368	
Total Net Assets	\$ 935,026		\$ 1,024,368	

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
	<u>Trust</u>	<u>Trust</u>
ADDITIONS		
Local revenues	\$ 2,120,215	\$ 2,025,861
Total Additions	<u>2,120,215</u>	<u>2,025,861</u>
DEDUCTIONS		
Books and supplies	226,083	166,273
Services and operating expenditures	1,884,722	1,593,261
Capital outlay	2,666	3,615
Total Deductions	<u>2,113,471</u>	<u>1,763,149</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers out	(96,086)	(93,946)
Total Other Financing Sources (Uses)	<u>(96,086)</u>	<u>(93,946)</u>
Change in Net Assets	(89,342)	168,766
Net Assets - Beginning	1,024,368	855,602
Net Assets - Ending	<u>\$ 935,026</u>	<u>\$ 1,024,368</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
CABRILLO COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,109,102	\$ 4,102,563
Contributions receivable, net	2,856,022	1,259,612
Accounts receivable	115,337	19,328
Beneficial interest in split interest agreement	289,493	302,576
Assets held in pooled income fund	-	19,067
Investments	12,541,083	10,329,304
Total Current Assets	<u>19,911,037</u>	<u>16,032,450</u>
Noncurrent Assets		
Depreciable capital assets, net of depreciation	15,327	4,314
TOTAL ASSETS	<u>\$ 19,926,364</u>	<u>\$ 16,036,764</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable, scholarships and projects payable	\$ 1,420,178	\$ 1,727,635
Pooled income funds - liabilities to beneficiaries	-	10,874
Other post employment benefits	34,971	35,253
TOTAL LIABILITIES	<u>1,455,149</u>	<u>1,773,762</u>
NET ASSETS		
Unrestricted	693,208	627,333
Temporarily restricted	5,947,224	2,722,652
Permanently restricted	11,830,783	10,913,017
TOTAL NET ASSETS	<u>18,471,215</u>	<u>14,263,002</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,926,364</u>	<u>\$ 16,036,764</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT

CABRILLO COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	2010			Total	2009
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUES					
Contributions	\$ 985,010	\$ 4,120,450	\$ 493,951	\$ 5,599,411	\$ 1,973,558
Investment income, net of expenses	37,997	833,849	423,815	1,295,661	(1,494,094)
Endowment management fee	186,306	-	-	186,306	159,158
In-kind contributions	35,221	28,947	-	64,168	93,991
Other income	139,592	-	-	139,592	88,187
Net assets released from restrictions	1,758,674	(1,758,674)	-	-	-
TOTAL SUPPORT AND REVENUES	3,142,800	3,224,572	917,766	7,285,138	820,800
EXPENSES					
Program Services					
Scholarships	682,446	-	-	682,446	770,672
College support	1,722,802	-	-	1,722,802	2,288,157
Supporting Services					
Management and general	354,203	-	-	354,203	266,731
Fundraising	317,474	-	-	317,474	260,184
TOTAL EXPENSES	3,076,925	-	-	3,076,925	3,585,744
CHANGE IN NET ASSETS	65,875	3,224,572	917,766	4,208,213	(2,764,944)
NET ASSETS, BEGINNING OF YEAR	627,333	2,722,652	10,913,017	14,263,002	17,027,946
NET ASSETS, END OF YEAR	\$ 693,208	\$ 5,947,224	\$ 11,830,783	\$ 18,471,215	\$ 14,263,002

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT
CABRILLO COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,208,213	\$ (2,764,944)
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	2,494	2,898
Change in valuation of split-interest agreement	21,276	(17,816)
Change in operating assets and liabilities		
Contributions receivable	(1,596,410)	327,248
Accounts receivable	(96,009)	9,521
Accounts payable, scholarships and projects payable	(307,457)	541,538
Other post employment benefits	(282)	-
Net Cash Flows From Operating Activities	<u>2,231,825</u>	<u>(1,901,555)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(13,507)	(1,143)
Additions to investments	(2,211,779)	1,828,770
Net Cash Flows From Investing Activities	<u>(2,225,286)</u>	<u>1,827,627</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,539	(73,928)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,102,563	4,176,491
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,109,102</u>	<u>\$ 4,102,563</u>

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

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 1 - ORGANIZATION

The Cabrillo Community College District (the District) was established in 1959 as a political subdivision of the State of California and provides post secondary educational services to residents of Santa Cruz. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one campus located in Aptos, California and a center in Watsonville and Scotts Valley. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

During the year ended June 30, 2004, the District adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a direct benefit, the environment and the ability to access/influence reporting. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

Cabrillo College Foundation

The Cabrillo College Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereof that, the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements. Separately issued financial statements may be obtained by contacting the Cabrillo College Foundation.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Financing Corporation

The Cabrillo College Financing Corporation's financial activity is presented in the financial statements and included in the Capital Projects Fund and the Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for Cabrillo College Financing Corporation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

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

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

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

The following is a summary of the more significant policies:

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of one year or less from the date of acquisition.

Investments

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at \$2,736,295 and \$2,451,193 for the years ended June 30, 2010 and 2009.

Prepaid Expenses

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

Stores Inventories

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

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District's infrastructures consist primarily of road network connecting the different buildings of the campus. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements to building and land that significantly increase the value or extend the useful life of the assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Accrued Liabilities and Long-term Obligations

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the governmental funds statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Deferred Revenue

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

Net Assets

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

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

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

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

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed.

Operating Revenues and Expenses

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

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

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

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

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

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

State Apportionments

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

Estimates

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

Comparative Financial Information

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

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Santa Cruz bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*. During the year ended June 30, 2010, the District distributed \$3,252,382 in direct lending through the U.S. Department of Education. These amounts have not been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students, however, the amounts are included on the Schedule of Federal Financial Assistance.

New Accounting Pronouncements

In March 2009, the GASB issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. Early implementation is encouraged.

NOTE 3 - CASH AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Restricted Cash – The District has a contractual requirement to keep one year's COP payment in a reserve fund.

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010, consist of the following:

Cash in banks	\$ 216,218
Cash in revolving	55,000
Investments - cash equivalents	41,746,386
Total Deposits and Investments	<u>\$ 42,017,604</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification of the District's Investments

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Cost	Fair Value	Maturity Date
U.S. Treasury	\$ 360,302	\$ 360,302	0.10 Years
Money Market Mutual Funds	1,323,357	1,323,357	0.02 Years
County Pool	40,062,727	40,130,950	0.67 Years
Total	<u>\$41,746,386</u>	<u>\$ 41,814,609</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Fair Value	Not Required To Be Rated	Rating as of Year End Aaa
U.S. Agencies	\$ 360,302	\$ -	\$ 360,302
Money Market Mutual Funds	1,323,357	-	1,323,357
County Pool	40,130,950	40,130,950	-
Total	<u>\$41,814,609</u>	<u>\$40,130,950</u>	<u>\$ 1,683,659</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the stipulated by the California Government code. There were no investments in any one issuer that represent five percent or more of the total investments.

CABRILLO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2010, none of the District's cash balance of approximately \$550,000 was exposed to custodial credit risk because it was uninsured but it is collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The accounts receivable are as follows:

	<u>2010</u>	<u>2009</u>
Federal Government		
Categorical aid	\$ 1,734,563	\$ 677,346
State Government		
Apportionment	7,391,366	6,510,495
Categorical aid	836,990	866,272
Lottery	825,883	551,316
State construction funds	849,676	11,217,628
Local Government		
Other local sources	810,476	1,312,349
Subtotal	<u>12,448,954</u>	<u>21,135,406</u>
Student receivables	5,061,169	4,297,039
Less allowance for uncollectible accounts	<u>(2,736,295)</u>	<u>(2,451,193)</u>
Subtotal	<u>2,324,874</u>	<u>1,845,846</u>
Accounts receivable, net of allowance for uncollectible accounts	<u>\$ 14,773,828</u>	<u>\$ 22,981,252</u>

Discretely Presented Component Unit

At June 30, 2010 and 2009, the Foundation's contributions receivable consisted of \$2,856,022 and \$1,259,612, respectively. These amounts were primarily short-term donations. The contributions receivable amounts are net of an allowance for uncollectible contributions of approximately \$23,000.

CABRILLO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 4,164,679	\$ -	\$ -	\$ 4,164,679
Construction in progress	126,966,424	19,847,873	11,318,149	135,496,148
Total Capital Assets Not Being Depreciated	<u>131,131,103</u>	<u>19,847,873</u>	<u>11,318,149</u>	<u>139,660,827</u>
Capital Assets Being Depreciated				
Land improvements	12,509,741	7,750	-	12,517,491
Infrastructure	38,128,690	10,887,250	-	49,015,940
Buildings	71,145,355	396,462	-	71,541,817
Furniture and equipment	12,687,087	2,343,854	-	15,030,941
Total Capital Assets Being Depreciated	<u>134,470,873</u>	<u>13,635,316</u>	<u>-</u>	<u>148,106,189</u>
Total Capital Assets	<u>265,601,976</u>	<u>33,483,189</u>	<u>11,318,149</u>	<u>287,767,016</u>
Less Accumulated Depreciation				
Land improvements	4,521,732	503,599	-	5,025,331
Infrastructure	5,342,374	871,455	-	6,213,829
Buildings	22,898,428	1,927,249	-	24,825,677
Furniture and equipment	7,925,923	1,372,363	-	9,298,286
Total Accumulated Depreciation	<u>40,688,457</u>	<u>4,674,666</u>	<u>-</u>	<u>45,363,123</u>
Net Capital Assets Being Depreciated	<u>93,782,416</u>	<u>8,960,650</u>	<u>-</u>	<u>102,743,066</u>
Net Capital Assets	<u>\$ 224,913,519</u>	<u>\$ 28,808,523</u>	<u>\$ 11,318,149</u>	<u>\$ 242,403,893</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Capital asset activity for the District for the fiscal year ended June 30, 2009, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 4,164,679	\$ -	\$ -	\$ 4,164,679
Construction in progress	94,117,576	33,364,495	515,647	126,966,424
Total Capital Assets Not Being Depreciated	98,282,255	33,364,495	515,647	131,131,103
Capital Assets Being Depreciated				
Land improvements	12,509,741	-	-	12,509,741
Infrastructure	37,954,106	174,584	-	38,128,690
Buildings	70,790,890	354,465	-	71,145,355
Furniture and equipment	10,207,931	2,479,156	-	12,687,087
Total Capital Assets Being Depreciated	131,462,668	3,008,205	-	134,470,873
Total Capital Assets	229,744,923	36,372,700	515,647	265,601,976
Less Accumulated Depreciation				
Land improvements	4,018,288	503,444	-	4,521,732
Infrastructure	4,581,538	760,836	-	5,342,374
Buildings	20,969,243	1,929,185	-	22,898,428
Furniture and equipment	6,767,290	1,158,633	-	7,925,923
Total Accumulated Depreciation	36,336,359	4,352,098	-	40,688,457
Net Capital Assets Being Depreciated	95,126,309	(1,343,893)	-	93,782,416
Net Capital Assets	\$ 193,408,564	\$ 32,020,602	\$ 515,647	\$ 224,913,519

Discretely Presented Component Unit

Capital assets for the Cabrillo College Foundation in the amounts of \$15,327 and \$4,314, respectively, for the years ended June 30, 2010 and 2009, consisted primarily of equipment.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

Interfund receivables and payables consist of amounts owed between funds as a result of the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions recorded in the accounting system and (3) payments between funds occur. Interfund receivable and payable balances at June 30, 2010, have been eliminated in the consolidation process.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers between funds of the District have been eliminated in the consolidation process.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	<u>2010</u>	<u>2009</u>
Vendor	\$ 4,569,099	\$ 5,937,274
Accrued payroll and benefits	1,194,950	442,548
State categorical aid	269,159	85,574
Other	145,686	56,855
Total	<u>\$ 6,178,894</u>	<u>\$ 6,522,251</u>

Discretely Presented Component Unit

The liabilities of the Cabrillo College Foundation consist primarily of amounts owed for scholarships, projects and liability payable to beneficiaries of pooled income funds totaling \$1,455,149 and \$1,773,762, respectively, for the years ended June 30, 2010 and 2009.

NOTE 8 - DEFERRED REVENUE

Deferred revenue at consisted of the following:

	<u>2010</u>	<u>2009</u>
Federal categorical aid	\$ -	\$ 8,095
State categorical aid	590,122	1,812,269
Enrollment fees	2,495,786	1,925,888
Other local	527,440	566,430
Total	<u>\$ 3,613,348</u>	<u>\$ 4,312,682</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 9 - LONG-TERM OBLIGATIONS

Long-term Obligations Summary

The changes in the District's long-term obligations during the 2010 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretion	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 119,660,000	\$ -	\$ 3,195,000	\$ 116,465,000	\$ 3,045,000
Capital appreciation bonds	73,177,982	3,877,642	2,845,000	74,210,624	1,700,347
Subtotal	192,837,982	3,877,642	6,040,000	190,675,624	4,745,347
Premium	1,870,554	-	63,501	1,807,053	63,501
Total Bonds and Notes Payable	<u>194,708,536</u>	<u>3,877,642</u>	<u>6,103,501</u>	<u>192,482,677</u>	<u>4,808,848</u>
Other Liabilities					
Compensated absences	1,281,433	-	74,009	1,207,424	-
Capital leases	1,293,353	-	301,218	992,135	315,507
Certificates of participation	2,430,000	-	220,000	2,210,000	230,000
Other postemployment benefits	628,346	493,731	-	1,122,077	-
Total Other Liabilities	<u>5,633,132</u>	<u>493,731</u>	<u>595,227</u>	<u>5,531,636</u>	<u>545,507</u>
Total Long-term Debt	<u>\$ 200,341,668</u>	<u>\$ 4,371,373</u>	<u>\$ 6,698,728</u>	<u>\$ 198,014,313</u>	<u>\$ 5,354,355</u>

The changes in the District's long-term obligations during the 2009 fiscal year consisted of the following:

	Balance Beginning of Year	Additions/ Accretion	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable					
General obligation bonds	\$ 122,550,000	\$ -	\$ 2,890,000	\$ 119,660,000	\$ 3,195,000
Capital appreciation bonds	72,025,563	3,797,419	2,645,000	73,177,982	1,764,308
Subtotal	194,575,563	3,797,419	5,535,000	192,837,982	4,959,308
Premium	1,934,055	-	63,501	1,870,554	63,501
Total Bonds and Notes Payable	<u>196,509,618</u>	<u>3,797,419</u>	<u>5,598,501</u>	<u>194,708,536</u>	<u>5,022,809</u>
Other Liabilities					
Compensated absences	895,036	386,397	-	1,281,433	-
Capital leases	4,992	1,807,311	518,950	1,293,353	301,218
Certificates of participation	2,640,000	-	210,000	2,430,000	220,000
Other postemployment benefits	-	628,346	-	628,346	-
Total Other Liabilities	<u>3,540,028</u>	<u>2,822,054</u>	<u>728,950</u>	<u>5,633,132</u>	<u>521,218</u>
Total Long-term Debt	<u>\$ 200,049,646</u>	<u>\$ 6,619,473</u>	<u>\$ 6,327,451</u>	<u>\$ 200,341,668</u>	<u>\$ 5,544,027</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010 AND 2009

Description of Debt

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the Certificates of Participation (COPs) are made by the Certificates of Participation Fund. Capital lease payments are made by the General – Unrestricted and the Capital Outlay Fund. The compensated absences and other postemployment benefits will be paid for by the fund for which the employee worked.

The District issued 1998 Series A, B, C and D in the amount of \$85,000,000 as authorized by voter election held within the Cabrillo Community College District boundaries. The bond proceeds were used to finance the construction and renovation of various District facilities and are paid through ad valorem taxes.

On June 2, 2004, the District issued the 2004 Refunding Bonds in the amount of \$32,410,000. The proceeds were used to advance refund \$31,675,000 of the outstanding 1998 General Obligation Bonds. The net proceeds were used to purchase U.S. securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payment on the 1998 Bonds. In 2010, the escrow agent continued making payments on the 1998 Bonds that were refunded and the debt service to maturity amounts of the remaining outstanding balance. At June 30, 2010, the balance in the escrow account was \$16,583,932.

On June 2, 2004, the District issued the 2004 Series A bonds totaling \$59,997,760 and on March 27, 2007, the District issued the 2004 Series B bonds totaling \$58,498,505 to finance the construction and renovation of various District facilities. In February 1998, the District issued certificates of participation in the amount of \$3,450,000. The certificates mature in 2018. The proceeds from the issuance were used to finance the acquisition of various capital assets.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2009	Issued/ Accreted	Redeemed	Outstanding June 30, 2010
2/16/2000	8/1/2024	4.0-6.3%	30,000,000	\$ 29,185,681	\$ 1,626,669	\$ 2,345,000	\$ 28,467,350
4/20/2001	5/1/2026	5.1-5.8%	20,002,009	7,992,868	378,475	1,000,000	7,371,343
6/27/2002	7/1/2027	3.0-5.7%	22,997,991	8,995,440	426,900	450,000	8,972,340
5/18/2004	8/1/2018	2.0-5.7%	32,410,000	29,245,000	-	1,400,000	27,845,000
5/18/2004	8/1/2028	2.0-5.8%	59,997,760	56,616,748	123,904	570,000	56,170,652
3/27/2007	8/1/2039	4.79-4.87%	58,498,505	60,802,245	1,321,694	275,000	61,848,939
				<u>\$ 192,837,982</u>	<u>\$ 3,877,642</u>	<u>\$ 6,040,000</u>	<u>\$ 190,675,624</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

The bonds mature through 2040 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ 4,745,347	\$ 6,975,545	\$ 11,720,892
2012	5,694,890	6,951,626	12,646,516
2013	5,791,415	6,927,401	12,718,816
2014	6,724,276	6,811,677	13,535,953
2015	7,684,831	6,955,792	14,640,623
2016-2020	36,278,680	33,273,285	69,551,965
2021-2025	31,135,598	33,407,636	64,543,234
2026-2030	26,623,022	25,602,866	52,225,888
2031-2035	13,744,897	34,538,969	48,283,866
2036-2040	29,203,798	29,565,698	58,769,496
Total	<u>\$ 167,626,754</u>	<u>\$ 191,010,495</u>	<u>\$ 358,637,249</u>
Accretion to date:	23,048,870		
	<u>\$ 190,675,624</u>		

Certificates of Participation

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 230,000	\$ 109,248	\$ 339,248
2012	245,000	98,438	343,438
2013	255,000	86,506	341,506
2014	265,000	74,000	339,000
2015	280,000	60,750	340,750
2016-2020	935,000	95,250	1,030,250
Total	<u>\$ 2,210,000</u>	<u>\$ 524,192</u>	<u>\$ 2,734,192</u>

Capital Leases

The District's liability on lease agreements with option to purchase is summarized below:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2011	\$ 362,574
2012	362,574
2013	362,574
Total	<u>1,087,722</u>
Less: Amount Representing Interest	95,587
Present Value of Minimum Lease Payments	<u>\$ 992,135</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Other Postemployment Benefit (OPEB) Obligation

The District implemented GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2010. The District's annual required contribution for the year ended June 30, 2010, was \$1,426,142, contributions made by the District during the year were \$932,411, and the balance at the beginning of the year was \$628,346, which resulted in a net OPEB obligation of \$1,122,077. See Note 10 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

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

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Cabrillo Community College District. The Plan provides medical insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 137 retirees and beneficiaries currently receiving benefits, no terminated plan members entitled to but not yet receiving benefits, and 522 active plan members.

	<u>Faculty</u>	<u>Management</u>	<u>Classified and Confidential</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	To age 70	To age 70	To age 65
Required Service	10 years	10 years	10 years
Minimum Age	55	50	50
Dependent Coverage	Yes*	Yes*	Yes*
College Contribution %	100%	100%	100%
College Cap	None	None	None

* Spouse benefits are only provided until the retiree reaches age 65

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association (CEA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2009-10, the District contributed \$932,411 to the plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

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

CABRILLO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

Annual required contribution	\$ (1,426,142)
Contributions made	932,411
Increase in net OPEB asset	<u>(493,731)</u>
Net OPEB asset, beginning of year	(628,346)
Net OPEB asset, end of year	<u><u>\$ (1,122,077)</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 was as follows:

Year Ended June 30	Actual Required Contribution	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2010	\$ 932,411	\$ 1,426,142	65%	\$ 1,122,077

Funded Status and Funding Progress

Actuarial valuations of an ongoing 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, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared 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 is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only the current year information is presented.

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, consistent with the long-term perspective of the calculations.

In the March 1, 2008, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a five percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates were estimated at four percent and take College contribution caps into account. The UAAL is being amortized at a level percentage of payroll method. The remaining amortization period at July 1, 2009, was 28 years. The actuarial value of assets was not determined in this actuarial valuation.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2010, the District contracted with the Statewide Association of Community Colleges ("SWACC") Joint Powers Authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2009-2010, the District participated in the Northern California Community College Pool ("NCCCP") Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits

The District has contracted with the Self Insured Schools of California (SISC) to provide employee medical and surgical benefits. SISC is a shared risk pool comprised of several educational agencies throughout California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

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

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Funding Policy

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$2,056,521, \$2,156,053, and \$1,852,809, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District 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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 percent of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2009-2010 was 9.709 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2010, 2009, and 2008, were \$1,398,223, \$1,354,098, and \$1,872,806, respectively, and equaled, 100 percent of the required contributions for each year. The District pays on behalf of the Classified and Confidential employees their share of the required CalPERS contributions.

Social Security/Tax Deferred Annuity

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 7.65 percent of an employee's gross earnings. An employee is required to contribute 7.65 percent of his or her gross earnings to the pension plan.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,059,662, and \$1,177,883, for fiscal years ending June 2010, and 2009, respectively (4.267 percent) of salaries subject to CalSTRS. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

Litigation

The District is involved in various litigation arising from the normal course of business. The District is involved in one matter related to the completion of the VAPA construction project that is currently in arbitration. The district has calculated a range of cost estimates for litigation. Pending litigation awards would be funded from District bond funds. In the opinion of management and legal counsels, the disposition of any remaining litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010.

Construction Commitments

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

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
Health and Wellness	\$ 903,294	Spring 2010
AEC	182,954	Aug-09
Watsonville	167,938	Fall 2011
Building 300 Remodel	672,585	Spring 2011
Student Services Complex	44,202	Aug-09
Campus signage	21,141	Fall 2011
Other Capital Projects	27,180	Ongoing
	<u>\$ 2,019,294</u>	

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the State Chancellor's Office.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Statewide Association of Community Colleges ("SWACC") Joint Powers Authority, Self Insured Schools of California ("SISC") and Northern California community College Pool ("NCCCP") Joint Powers Authority (JPAs). The District pays annual premiums for its property liability, health benefits and workers' compensation coverage. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

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

During the year ended June 30, 2010, the District made payments of \$45,507, \$7,593,169 and \$820,835 to SWACC, SISC and NCCCP, respectively.

NOTE 15 - COMPONENT UNIT

The Cabrillo College Foundation (the Foundation) maintains its accounts in accordance with the principles of fund accounting as specified in Statement on Audit Standards (SAS) 116 and SAS 117. Resources received for various purposes are classified in accordance with the activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or a part of the investment earnings for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Revenues are reported in the unrestricted net asset classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period they are received. Conditional promises to give are not recognized until the conditions upon which they depend are substantially met. Contributions for in-kind gifts and services are not recognized in the financial statements unless the value can be substantiated and are also recorded with a corresponding expense.

Expenses are reported as decreases in unrestricted net assets as incurred. Gains and losses on investments are reported as increases or decreases in the corresponding net asset categories.

As the passage of time or other action releases net assets from their restriction, the assets are transferred to the unrestricted fund for expenditure.

Investments are reported at fair value based on quoted market prices.

REQUIRED SUPPLEMENTARY INFORMATION

CABRILLO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2010**

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Method Used (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 1, 2008	\$ -	\$ 11,588,442	\$ 11,588,442	\$ -	\$ 46,796,540	24.8%

SUPPLEMENTARY INFORMATION

CABRILLO COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2010

The Cabrillo Community College District was established in January 1959 and serves all of Santa Cruz County, the northern portion of Monterey County, and the western portion of San Benito County. There were no changes in the boundaries of the District during the current year.

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Gary Reece	Chair	2010
Katy Stonebloom	Vice Chair	2012
Alan Smith	Clerk	2010
Rebecca Garcia	Member	2012
Rachael Spencer	Member	2012
Susan True	Member	2012
Claudine Wildman	Member	2010

ADMINISTRATION

Dr. Brian King	President and District Superintendent
Victoria Lewis	Vice President, Business Services
Renee Kilmer	Vice President, Instruction
Dennis Bailey - Fongnier	Vice President, Student Services

CABRILLO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Grantor/Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Pell Grants	84.063	[1]	\$ 11,797,475
Supplemental Education Opportunity Grant Program	84.007	[1]	254,520
Federal Family Education Loans	84.032	[1]	3,252,382
Federal Work Study	84.033	[1]	147,666
ARRA - Federal Work Study	84.033	[1]	44,315
Academic Competitiveness	84.375	[1]	168,133
Vocational and Technical Education Act			
Passed through California Community College System's Office			
Career and Technical Education - Basic Grants to States	84.048	03303	794,989
Tech Prep Education	84.243	[2]	67,750
Passed through Bay Area Region Consortium			
Tech Prep Education	84.243	[2]	441,807
Passed through ACCESS			
Career and Technical Education - Basic Grants to States	84.048	03303	28,236
Passed through State Chancellors Office			
ARRA - State Fiscal Stabilization	84.394	25008	327,229
Higher Education Act:			
Migrant Education: High School Equivalency	84.141A	[1]	34,392
Migrant Education: State Grant Program	84.011	[1]	49,995
Child Care Access Means Parents	84.335	[1]	56,039
Title V - Strengthening Institutions	84.031S	[1]	205,060
Math and Science Teacher Initiative	84.116Z	[1]	5,000
Textbook Rental Program	84.116Y	[1]	114,204
Total U.S. Department of Education			17,789,192
U.S. DEPARTMENT OF LABOR			
Passed through funds			
Workforce Investment Act, Adult Program	17.258	03573	57,523
ARRA - Workforce Investment Act, Adult Program	17.258	03573	86,250
Workforce Investment Act, Dislocated Workers	17.260	[2]	20,222
ARRA - Workforce Investment Act, Dislocated Workers	17.260	[2]	28,750
ARRA - Workforce Investment Act, Adult Programs, Green Jobs	17.258	[2]	133,954
Total U.S. Department of Labor			326,699

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

Grantor/Program or Cluster Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Community College System's Office:			
Medi-Cal Administrative Activities (MAA)	93.778	[2]	24,488
Temporary Assistant to Needy Families (TANF)	93.558	[2]	55,148
TANF Supplemental Grants - Work Study & Job Development	93.716	[2]	16,000
Child Care and Development Block Grant	93.575	[2]	10,424
Total U.S. Department of Health and Human Services			<u>106,060</u>
NATIONAL SCIENCE FOUNDATION			
Passed through funds			
Science, Technology, and Energy, Expanding Potential (STEEP)	47.076	03797	\$ 150,685
Bridging Community College Chemistry Faculty into the National Education Community	47.076	03797	51,315
Math and Science Curriculum for the Digital Bridge Academy	47.076	03797	226,590
Information and Communication Technologies	47.049	03797	7,576
Total National Science Foundation			<u>436,166</u>
SMALL BUSINESS ADMINISTRATION			
Passed through from San Jose State University			
Small Business Development Center	59.037	[2]	<u>199,330</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through from California Department of Education			
Food Stamp Employment and Training Program/Cal Success	10.561	[2]	248,371
Child and Adult Care Food Program	10.558	03628	21,355
Total U.S. Department of Agriculture			<u>269,726</u>
Total			<u>\$ 19,127,173</u>

[1] Pass through number not applicable.

[2] Pass through number not available.

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

PROGRAM	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
GENERAL FUND-Restricted			
Lottery Instructional Equipment	\$ 215,932	\$ 99,354	\$ 315,286
Lottery - District	-	345,350	345,350
DSPS	1,037,365	1,286	1,038,651
Capstone CIS Mini Grant	8,000	-	8,000
CARE	82,002	1,300	83,302
EOPS	312,850	19,081	331,931
Student Financial Aid	395,333	6,372	401,705
First Five - ELF	45,034	-	45,034
Child Care Train Consortium - CDTC	25,550	-	25,550
Foster Parent - FKCE	118,067	-	118,067
MESA for Student Success	50,568	-	50,568
Puente Project Through UCOP	1,500	-	1,500
MESA CCCP 08-09	-	11,056	11,056
MESA - Aurora STEM	-	300	300
Matriculation-Non Credit	9,331	-	9,331
Matriculation	355,887	118,799	474,686
Faculty/Staff Diversity	6,585	7,974	14,559
TANF-State -FTTW	27,573	-	27,573
CALWorks-FTTW	180,417	-	180,417
CCC Block Grant 06-07	-	31,729	31,729
CCC Block Grant 07-08	-	59,914	59,914
CCC One Time SIE & SM 07-08	-	46,761	46,761
TTIP - TCO 05-06 c/o	-	301	301
TTIP -TCO 06-07 c/o	-	10,261	10,261
TTIP -TCO 07-08	-	8,820	8,820
CCC 06-07 Trailer Bill Instructional Equipment	-	52,080	52,080
CCC State Instructional Equipment 2008-09	-	55,584	55,584
CA ECE Mentor Program	1,000	-	1,000
Calworks-WIA FTTW	85,136	-	85,136
CTE Nursing Enrollment Growth	44,173	83,620	127,793
RN Enrollment Growth	176,145	-	176,145
Economic Development CTE-Nursing Equipment	-	12,388	12,388
Basic Skills Apportionment 07-08	-	103,592	103,592
Basic Skills Apportionment 08-09	856	146,955	147,811
Basic Skills Apportionment 09-10	90,000	-	90,000

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total Revenue	Program Expenditures
\$ 66,674	\$ 215,932	\$ -	\$ -	\$ 282,606	\$ 177,311
-	-	-	-	-	30,000
1,038,651	-	-	-	1,038,651	974,920
-	8,000	-	-	8,000	8,000
83,302	-	-	-	83,302	83,302
331,931	-	26,744	-	305,187	305,187
401,705	-	-	-	401,705	401,705
31,780	13,254	-	-	45,034	45,034
18,800	6,750	-	-	25,550	25,550
88,551	29,516	-	-	118,067	118,067
37,926	3,902	-	-	41,828	41,828
1,500	-	-	-	1,500	1,500
11,056	-	-	-	11,056	11,056
300	-	-	-	300	300
9,331	-	-	-	9,331	9,331
474,686	-	28,050	-	446,636	446,636
6,585	-	-	-	6,585	14,559
25,366	2,207	-	-	27,573	27,573
180,417	-	-	-	180,417	196,417
-	-	-	-	-	31,729
-	-	-	-	-	59,914
-	-	-	-	-	46,761
-	-	-	-	-	301
-	-	-	-	-	-
-	-	-	-	-	52,080
-	-	-	-	-	14,768
1,000	-	-	-	1,000	1,000
45,596	39,540	-	-	85,136	85,136
127,793	-	-	-	127,793	127,793
147,794	-	3,632	-	144,162	144,162
12,388	-	-	-	12,388	12,388
-	-	-	-	-	103,592
2,398	-	-	1,542	856	103,347
90,000	-	-	-	90,000	43,982

CABRILLO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2010**

PROGRAM	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
Options for Recovery OFR	216,443	-	216,443
Special Training for Adoptive Parents STAP	166,908	-	166,908
Adoption Promotion Support - APS	33,376	-	33,376
SBDC Youth Entrepreneur Programs	-	10,397	10,397
SBDC Youth Entrepreneur Programs	-	35,000	35,000
Academic Affairs - Teacher's Preparation Pipeline	33,148	-	33,148
CTE Teacher Prep Pipeline	186,207	-	186,207
Economic Development RTF	47,624	-	47,624
Economic Development - In Service Training	56,000	294,000	350,000
Economic Development - Regional Consortium Partner	32,000	-	32,000
Economic Development - Quick Starts/BRIDGE	173,584	-	173,584
Economic Development - Resp Training Fund	15,364	80,661	96,025
CTE Community Collaborative Project	-	225,195	225,195
CTE Workforce Innovation	-	129,235	129,235
CTE Community Collaborative Supplemental	-	90,438	90,438
CTE Pathways Community College	-	500,000	500,000
CTE Pathways WIB	-	250,000	250,000
CTE BAWFC	70,000	-	70,000
Subtotal	<u>4,299,958</u>	<u>2,837,803</u>	<u>7,137,761</u>
CHILD DEVELOPMENT FUND			
Childcare Taxbailout - thru Apportion	61,778	-	61,778
CDE prior year adjustment	-	(15,305)	(15,305)
State Nutrition	964	-	964
CA Dept of Ed - CRPM Renovation and Repair	-	11,034	11,034
CA Dept of Ed - CSPP	125,518	-	125,518
CA Dept of Ed - CCTR	114,583	-	114,583
CA Dept of Ed - CFCC	257,513	-	257,513
WestEd/PITC	35,000	-	35,000
Subtotal	<u>595,356</u>	<u>(4,271)</u>	<u>591,085</u>
Grand Total	<u>\$ 4,895,314</u>	<u>\$ 2,833,532</u>	<u>\$ 7,728,846</u>

See accompanying note to supplementary information.

Program Revenues					
Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total Revenue	Program Expenditures
46,552	169,891	-	-	216,443	216,443
57,176	109,732	-	-	166,908	166,908
-	33,376	-	-	33,376	33,376
-	-	-	-	-	10,397
35,000	-	-	-	35,000	35,000
33,148	-	-	-	33,148	33,148
90,000	50,026	-	-	140,026	140,026
40,004	-	24,765	-	15,239	15,239
350,000	-	63,508	-	286,492	286,492
32,000	-	32,000	-	-	-
-	18,548	-	-	18,548	18,548
96,025	-	19,519	-	76,506	76,506
225,195	-	-	-	225,195	225,195
129,235	-	-	-	129,235	129,235
90,438	-	-	-	90,438	90,438
500,000	-	245,078	-	254,922	254,922
250,000	-	146,826	-	103,174	103,174
-	32,151	-	-	32,151	32,151
<u>5,210,303</u>	<u>732,825</u>	<u>590,122</u>	<u>1,542</u>	<u>5,351,464</u>	<u>5,612,427</u>
61,778	-	-	-	61,778	-
(15,305)	-	-	-	(15,305)	-
736	228	-	-	964	-
10,174	860	-	-	11,034	11,034
110,962	14,556	-	-	125,518	12,432
113,089	1,494	-	-	114,583	10,783
205,486	52,027	-	-	257,513	257,513
-	35,000	-	-	35,000	35,000
<u>486,920</u>	<u>104,165</u>	<u>-</u>	<u>-</u>	<u>591,085</u>	<u>326,762</u>
<u>\$ 5,697,223</u>	<u>\$ 836,990</u>	<u>\$ 590,122</u>	<u>\$ 1,542</u>	<u>\$ 5,942,549</u>	<u>\$ 5,939,189</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

SCCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2010

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2009 only)			
1. Noncredit	6.85	-	6.85
2. Credit	987.40	-	987.40
B. Summer Intersession (Summer 2010 - prior to July 1, 2010)			
1. Noncredit	-	-	-
2. Credit	1.54	-	1.54
C. Primary Terms (Exclusive of summer intersessions)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	9,068.68	-	9,068.68
(b) Daily Census Contact Hours	562.19	-	562.19
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	202.91	-	202.91
(b) Credit	958.46	-	958.46
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	989.20	-	989.20
(b) Daily Census Contact Hours	21.76	-	21.76
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>12,798.99</u>	<u>-</u>	<u>12,798.99</u>
H. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	171.12	-	171.12
2. Credit	890.38	-	890.38
	<u>1,061.50</u>	<u>-</u>	<u>1,061.50</u>

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

There following were adjustments to the fund balance that required reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	<u>Unrestricted General Fund</u>
FUND BALANCE	
Balance, June 30, 2010, (CCFS-311)	\$ 13,893,375
Increase (decrease) in:	
Cash	<u>55,000</u>
Balance, June 30, 2010, Fund Financial Statement	<u><u>\$ 13,948,375</u></u>

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment

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

Reconciliation of Annual Financial and Budget Report with Fund Financial Statements

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

NOTE 2 - RECONCILIATION OF EXPENDITURES OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

Federal Family Education Loans are included in the Schedule of Federal Expenditures but are not included in the District's financial statements.

Federal revenue per financial statements	\$ 15,874,791
Federal Family Education Loans	3,252,382
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 19,127,173</u>

INDEPENDENT AUDITORS' REPORTS



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

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Cabrillo Community College District
Aptos, California

We have audited the financial statements of the business-type activities of Cabrillo Community College District (the District) for the years ended June 30, 2010 and 2009, and have issued our report thereon dated March 2, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cabrillo Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Cabrillo Community College District in a separate letter dated March 2, 2011.

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

Vavrinek, Ture, Day & Co LLP

Pleasanton, California
March 2, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Cabrillo Community College District
Aptos, California

Compliance

We have audited the compliance of Cabrillo 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 could have a direct and material effect on each of its Cabrillo Community College District's major Federal programs for the year ended June 30, 2010. Cabrillo Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of Cabrillo Community College District's management. Our responsibility is to express an opinion on Cabrillo Community College District's compliance based on our audit.

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

In our opinion, Cabrillo Community College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Cabrillo Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered Cabrillo Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabrillo Community College District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Vavinek, Tine, Day & Co LLP

Pleasanton, California
March 2, 2011



REPORT ON STATE COMPLIANCE

Board of Trustees
Cabrillo Community College District
Aptos, California

We have audited the compliance of Cabrillo Community College District (the District) with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements with State laws and regulations have occurred. An audit includes examining, on a test basis, evidence about Cabrillo Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cabrillo Community College District's compliance with those requirements.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Apportionments

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

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

Section 432: Enrollment Fee

Section 426: Students Actively Enrolled

Fiscal Operations

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

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

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

Facilities

Section 434: Scheduled Maintenance Program

In our opinion, Cabrillo Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported and are described in the accompanying schedule of findings and questioned costs as item 2010-1.

Cabrillo Community College District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Cabrillo Community College District's response and, accordingly, we express no opinion.

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

Vavrinek, Tine, Day & Co LLP

Pleasanton, California

March 2, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CABRILLO COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.033 (including ARRA), 84.063, 84.032, 84.007, 84.375 <u>84.374</u>	Student Financial Aid Cluster - Including ARRA <u>ARRA - State Fiscal Stabilization Fund</u>
17.258 (including ARRA), 17.260 <u>47.076</u>	Workforce Investment Act Cluster - Including ARRA <u>National Science Foundation Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2010**

None noted.

CABRILLO COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None noted.

CABRILLO COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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

2010-1 Finding - Instructional Material Fees *Significant Deficiency*

Criteria or Specific Requirement

CCR Title V 59400-59408 sets certain requirements for Colleges that charge instructional fees, including the requirement to not show a profit from fees selected.

Condition

During our testing of instructional material fees charged by the college, we noted that the college appears to have made a profit on fees collected from students for Peace Ed and Childrens Literature and Cake Decorating Classes.

Questioned Costs

\$239. This is the amount of the net profit as indicated by the general ledger reports of revenue and expense on instructional material fees for the two courses noted above.

Context

We reviewed the class schedule and selected five courses for review that charged instructional fees. We noted that the records of two of the five courses reviewed indicated that the amount collected for fees exceeded the amounts spent for materials.

Effect

The District does not appear to be in compliance with state requirements regarding determination of amounts allowable as instructional material fees.

Cause

Potentially inconsistencies in recording fees collected, and/or expenses related to these fees collected could be charged against other accounts in the general ledger.

Recommendation

The monitoring process to determine that expenditures are appropriately charged against the fees collected should be strengthened and records kept to show that fees collected do not exceed the costs.

District Response

In FY 2010-11, the District will review all its material fees and compare to current cost of materials. Fees will be adjusted as necessary to insure compliance with CCR Title V 59400-59408.

CABRILLO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2009-1 Finding - Instructional Material Fees – Control Deficiency

Criteria or Specific Requirement

CCR Title V 59400-59408 sets certain requirements for Colleges that charge instructional fees, including the requirement to not show a profit from fees selected.

Condition

During our testing of instructional material fees charged by the college in Spring 2009, we noted that the college appears to have made a profit on fees collected from students for Career Planning and History and Practices of Sauces Classes.

Questioned Costs

\$278. This is the amount of the net profit as indicated by the general ledger reports of revenue and expense on instructional material fees for the two courses noted above.

Context

We reviewed 2009 class schedule and selected eight courses for review that charged instructional fees. We noted that the records of two of the eight courses reviewed indicated that the amount collected for fees exceeded the amounts spent for materials.

Effect

The District does not appear to be in compliance with state requirements regarding determination of amounts allowable as instructional material fees.

Cause

Potentially inconsistencies in recording fees collected, and/or expenses related to these fees collected could be charged against other accounts in the general ledger.

Recommendation

The monitoring process to determine that expenditures are appropriately charged against the fees collected should be strengthened and records kept to show that fees collected do not exceed the costs.

District Response

The District is reviewing all instructional materials fees currently charged to align them appropriately with the current cost of the materials. The District will also establish an annual review of the materials fees to ensure that the fee charged remains consistent with material costs.

CABRILLO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2010

Current Status

Not Implemented, see 2010-2.

2009-2 Finding - GANN limit - Significant Deficiency

Criteria or Specific Requirement

Article XIII B of the State Constitution and Chapter 1205 Statutes of 1980 requires that each community college district calculate their appropriations limit.

Condition

During our review of the Gann Appropriation Limit Calculation we noted an error in FTES of 272 for the fiscal year ended June 30, 2009. This causes the 2008-09 Limit Adjusted by Inflation & Population Factors to be understated by \$1,510,357, which is reported on line 1 of the Gann Appropriation Limit Schedule included in the CCFS-311.

Questioned Costs

No questioned costs related to this item as the District is still within its appropriation limit

Context

Article XIII B of the State Constitution stipulates that each community college calculate their appropriation limit

Effect

The District Gann Appropriation Limit is misstated on the CCFS 311.

Cause

The cause of the difference was due to transposing the amounts reported as current year P2 FTES. Checks and balances designed to locate errors such as this did not operate effectively.

Recommendation

In order to strengthen internal controls, we recommend the district ensure that all transactions are subject to a review by someone other than the person preparing the report. The review should include verification of FTES being reported as well as checking amounts coming in from the general ledger reports.

Current Status

Implemented.

ADDITIONAL SUPPLEMENTARY INFORMATION

CABRILLO COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2010

	<u>General Unrestricted</u>	<u>General Restricted</u>	<u>Cafeteria</u>	<u>Child Development</u>
ASSETS				
Cash and cash equivalents	\$13,513,307	\$ -	\$ 35,191	\$ 16,081
Accounts receivable	10,511,715	2,891,341	2,222	111,054
Due from other funds	2,394,980	5,889,537	-	63,853
Prepaid expenses	544,596	18,842	-	-
Total Assets	<u>\$26,964,598</u>	<u>\$ 8,799,720</u>	<u>\$ 37,413</u>	<u>\$ 190,988</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Overdrafts	\$ -	\$ 6,209,952	\$ -	\$ -
Accounts payable	3,640,414	837,777	-	400
Due to other funds	6,323,383	68,395	-	133,308
Deferred revenue	3,052,421	563,927	-	-
Total Liabilities	<u>13,016,218</u>	<u>7,680,051</u>	<u>-</u>	<u>133,708</u>
FUND EQUITY				
Fund Balances				
Reserved	544,596	1,119,669	-	57,280
Unreserved				
Designated	9,018,465	-	-	-
Undesignated	4,385,319	-	37,413	-
Total Fund Equity	<u>13,948,380</u>	<u>1,119,669</u>	<u>37,413</u>	<u>57,280</u>
Total Liabilities and Fund Equity	<u>\$26,964,598</u>	<u>\$ 8,799,720</u>	<u>\$ 37,413</u>	<u>\$ 190,988</u>

Certificates of Participation	Bond Interest and Redemption	Retiree Benefits	Revenue Bond	Capital Outlay	Student Financial Aid	Total Governmental Funds
\$ 392,464	\$ 8,906,339	\$ 1,588,277	\$ 18,950,133	\$ 4,102,151	\$ 31,580	\$ 47,535,523
-	-	-	-	849,698	238,369	14,604,399
-	-	-	2,142,643	-	-	10,491,013
-	-	-	-	13,150	-	576,588
<u>\$ 392,464</u>	<u>\$ 8,906,339</u>	<u>\$ 1,588,277</u>	<u>\$ 21,092,776</u>	<u>\$ 4,964,999</u>	<u>\$ 269,949</u>	<u>\$ 73,207,523</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29	\$ 6,209,981
30,744	-	-	1,597,998	872	239,716	6,347,921
824	-	-	1,153,716	2,338,558	-	10,018,184
-	-	-	-	-	-	3,616,348
<u>31,568</u>	<u>-</u>	<u>-</u>	<u>2,751,714</u>	<u>2,339,430</u>	<u>239,745</u>	<u>26,192,434</u>
360,896	8,906,339	1,588,277	18,341,062	2,625,569	30,204	33,573,892
-	-	-	-	-	-	9,018,465
-	-	-	-	-	-	4,422,732
<u>360,896</u>	<u>8,906,339</u>	<u>1,588,277</u>	<u>18,341,062</u>	<u>2,625,569</u>	<u>30,204</u>	<u>47,015,089</u>
<u>\$ 392,464</u>	<u>\$ 8,906,339</u>	<u>\$ 1,588,277</u>	<u>\$ 21,092,776</u>	<u>\$ 4,964,999</u>	<u>\$ 269,949</u>	<u>\$ 73,207,523</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

**BALANCE SHEET RECONCILIATION
JUNE 30, 2010**

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

Total Fund Balance - All Governmental Funds	\$	47,015,089
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 287,520,333	
Accumulated depreciation is	<u>(45,363,123)</u>	<u>242,157,210</u>
<p>In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term debt is recognized when it is incurred.</p>		
		(2,467,669)
<p>Deferred charges relating to issuance of debt is expensed over the life of the debt on the government-wide financial statements, but were recorded as an expenditure in the governmental fund statements when the debt was issued.</p>		
		574,424
<p>Enterprise funds are used by the District's management to account for the activity of the bookstores and vocational education. The total assets and liabilities of the enterprise funds are included with the governmental activities</p>		
		1,657,182
<p>Long-term liabilities at year end consist of:</p>		
Bonds payable	190,675,624	
Bond premium	1,807,053	
Certificates of participation	2,210,000	
Compensated absences payable	1,207,424	
Other postemployment benefits	1,122,077	
Capital leases payable	<u>992,135</u>	<u>(198,014,313)</u>
 Total Net Assets		<u><u>\$ 90,921,923</u></u>

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	General Unrestricted	General Restricted	Cafeteria	Child Development
REVENUES				
Federal revenues	\$ 376,259	\$ 3,112,748	\$ -	\$ 87,819
State revenues	37,818,871	5,182,236	-	591,085
Local revenues	24,849,126	2,424,831	10,015	101,057
Total Revenues	<u>63,044,256</u>	<u>10,719,815</u>	<u>10,015</u>	<u>779,961</u>
EXPENDITURES				
Current Expenditures				
Academic salaries	26,650,118	2,112,819	-	278,198
Classified salaries	12,596,566	2,383,873	-	173,290
Employee benefits	12,745,068	1,389,189	-	152,630
Books and supplies	758,310	380,353	-	23,685
Services and operating expenditures	6,017,011	3,729,598	1,217	240,533
Capital outlay	708,103	472,944	3,985	1,525
Debt service - principal	1,276,343	-	-	-
Debt service - interest and other	-	-	-	-
Total Expenditures	<u>60,751,519</u>	<u>10,468,776</u>	<u>5,202</u>	<u>869,861</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,292,737</u>	<u>251,039</u>	<u>4,813</u>	<u>(89,900)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	325,596	-	-	266
Operating transfers out	(1,556,612)	(632,876)	-	(11,461)
Other sources	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,231,016)</u>	<u>(632,876)</u>	<u>-</u>	<u>(11,195)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>1,061,721</u>	<u>(381,837)</u>	<u>4,813</u>	<u>(101,095)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>12,886,659</u>	<u>1,501,506</u>	<u>32,600</u>	<u>158,375</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 13,948,380</u></u>	<u><u>\$ 1,119,669</u></u>	<u><u>\$ 37,413</u></u>	<u><u>\$ 57,280</u></u>

See accompanying note to supplementary information.

Certificates of Participation	Bond Interest and Redemption	Retiree Benefits	Revenue Bond	Capital Outlay	Student Financial Aid Trust	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,183,761	\$ 15,760,587
-	3,058	-	-	6,289,272	930,531	50,815,053
49,083	12,447,116	10,770	155,307	1,025,334	119	41,072,758
<u>49,083</u>	<u>12,450,174</u>	<u>10,770</u>	<u>155,307</u>	<u>7,314,606</u>	<u>13,114,411</u>	<u>107,648,398</u>
-	-	-	-	-	-	29,041,135
-	-	-	-	89,814	-	15,243,543
-	-	932,411	-	23,510	-	15,242,808
-	-	-	37	8,749	-	1,171,134
49,065	-	-	26,888	739,559	13,114,292	23,918,163
-	-	-	15,518,950	6,252,234	-	22,957,741
325,567	4,959,308	-	-	-	-	6,561,218
-	7,010,885	-	-	-	-	7,010,885
<u>374,632</u>	<u>11,970,193</u>	<u>932,411</u>	<u>15,545,875</u>	<u>7,113,866</u>	<u>13,114,292</u>	<u>121,146,627</u>
(325,549)	479,981	(921,641)	(15,390,568)	200,740	119	(13,498,229)
325,549	-	1,097,000	-	937,509	-	2,685,920
-	-	-	-	-	-	(2,200,949)
-	-	-	-	-	-	-
<u>325,549</u>	<u>-</u>	<u>1,097,000</u>	<u>-</u>	<u>937,509</u>	<u>-</u>	<u>484,971</u>
-	479,981	175,359	(15,390,568)	1,138,249	119	(13,013,258)
360,896	8,426,358	1,412,918	33,731,630	1,487,320	30,085	60,028,347
<u>\$ 360,896</u>	<u>\$ 8,906,339</u>	<u>\$ 1,588,277</u>	<u>\$ 18,341,062</u>	<u>\$ 2,625,569</u>	<u>\$ 30,204</u>	<u>\$ 47,015,089</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
BALANCE SHEET
JUNE 30, 2010**

	Enterprise Fund
	Bookstore
ASSETS	
Cash and cash equivalents	\$ 692,033
Accounts receivable	169,429
Stores inventories	749,603
Furniture and equipment (net)	246,683
Total Assets	\$ 1,857,748
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ 70,660
Due to other funds	129,906
Total Liabilities	200,566
FUND EQUITY	
Retained earnings	1,657,182
Total Liabilities and Fund Equity	\$ 1,857,748

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Enterprise Fund</u>
	<u>Bookstore</u>
OPERATING REVENUES	
Federal revenues	\$ 114,204
Sales revenues	3,742,680
	<u>3,856,884</u>
 OPERATING EXPENSES	
Classified salaries	494,390
Employee benefits	214,616
Books and supplies	81,766
Services and other operating expenditures	3,011,222
Total Operating Expenses	<u>3,801,994</u>
 Operating Income	<u>54,890</u>
 NONOPERATING EXPENSES	
Operating transfers out	<u>(133,319)</u>
 NET INCOME	(78,429)
RETAINED EARNINGS, BEGINNING OF YEAR	1,735,611
RETAINED EARNINGS, END OF YEAR	<u><u>\$ 1,657,182</u></u>

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Enterprise Fund</u>
	<u>Bookstore</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 3,756,699
Cash payments to employees for services	(709,006)
Cash payments to suppliers for goods and services	(3,015,827)
Net Cash Provided Used for Operating Activities	<u>31,866</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other nonoperating	(133,319)
Net Cash Used for Noncapital Financing Activities	<u>(133,319)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	59,399
Net Cash Provided for Capital and Related Financing Activities	<u>59,399</u>
Net decrease in cash and cash equivalents	(42,054)
Cash and cash equivalents - Beginning	734,087
Cash and cash equivalents - Ending	<u><u>\$ 692,033</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 54,890
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivables	(100,185)
Inventories	57,504
Accrued liabilities	23,371
Due to other funds	(3,714)
Net Cash Flows from Operating Activities	<u><u>\$ 31,866</u></u>

See accompanying note to supplementary information.

CABRILLO COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEET
JUNE 30, 2010**

	Associated Students Trust	Student Representation Fee Trust	Student Student Body Center Fee Trust	Scholarship and Loan Trust
REVENUES				
Local revenues	\$ 257,001	\$ 200	\$ 3,922	\$ 581,553
Total Revenues	<u>257,001</u>	<u>200</u>	<u>3,922</u>	<u>581,553</u>
EXPENDITURES				
Current Expenditures				
Books and supplies	20,282	-	20,083	-
Services and operating expenditures	198,343	29,221	6,602	602,099
Capital outlay	10,515	-	5,587	-
Total Expenditures	<u>229,140</u>	<u>29,221</u>	<u>32,272</u>	<u>602,099</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,861</u>	<u>(29,021)</u>	<u>(28,350)</u>	<u>(20,546)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,000	31,078	125,497	-
Operating transfers out	(18,000)	-	(93,191)	-
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>31,078</u>	<u>32,306</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,861	2,057	3,956	(20,546)
FUND BALANCE, BEGINNING OF YEAR	<u>175,449</u>	<u>74,148</u>	<u>883,481</u>	<u>164,389</u>
FUND BALANCE, END OF YEAR	<u>\$ 200,310</u>	<u>\$ 76,205</u>	<u>\$ 887,437</u>	<u>\$ 143,843</u>

See accompanying note to supplementary information.

Other Trust	Total
<u>\$ 1,538,662</u>	<u>\$ 2,381,338</u>
<u>1,538,662</u>	<u>2,381,338</u>
226,083	266,448
1,282,623	2,118,888
2,666	18,768
<u>1,511,372</u>	<u>2,404,104</u>
<u>27,290</u>	<u>(22,766)</u>
-	171,575
<u>(96,086)</u>	<u>(207,277)</u>
<u>(96,086)</u>	<u>(35,702)</u>
(68,796)	(58,468)
859,979	2,157,446
<u>\$ 791,183</u>	<u>\$ 2,098,978</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	Associated Students Trust	Student Representation Fee Trust	Student Student Body Center Fee Trust	Scholarship and Loan Trust
REVENUES				
Federal revenues	\$ -	\$ -	\$ -	\$ -
State revenues	-	-	-	-
Local revenues	257,001	200	3,922	581,553
Total Revenues	<u>257,001</u>	<u>200</u>	<u>3,922</u>	<u>581,553</u>
EXPENDITURES				
Current Expenditures				
Books and supplies	20,282	-	20,083	-
Services and operating expenditures	198,343	29,221	6,602	602,099
Capital outlay	10,515	-	5,587	-
Total Expenditures	<u>229,140</u>	<u>29,221</u>	<u>32,272</u>	<u>602,099</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>27,861</u>	<u>(29,021)</u>	<u>(28,350)</u>	<u>(20,546)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	15,000	31,078	125,497	-
Operating transfers out	(18,000)	-	(93,191)	-
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>31,078</u>	<u>32,306</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	24,861	2,057	3,956	(20,546)
FUND BALANCE, BEGINNING OF YEAR	<u>175,449</u>	<u>74,148</u>	<u>883,481</u>	<u>164,389</u>
FUND BALANCE, END OF YEAR	<u>\$ 200,310</u>	<u>\$ 76,205</u>	<u>\$ 887,437</u>	<u>\$ 143,843</u>

See accompanying note to supplementary information.

Other Trust	Total
\$ -	\$ -
-	-
<u>1,538,662</u>	<u>2,381,338</u>
<u>1,538,662</u>	<u>2,381,338</u>
226,083	266,448
1,282,623	2,118,888
<u>2,666</u>	<u>18,768</u>
<u>1,511,372</u>	<u>2,404,104</u>
<u>27,290</u>	<u>(22,766)</u>
-	171,575
<u>(96,086)</u>	<u>(207,277)</u>
<u>(96,086)</u>	<u>(35,702)</u>
(68,796)	(58,468)
<u>859,979</u>	<u>2,157,446</u>
<u>\$ 791,183</u>	<u>\$ 2,098,978</u>

CABRILLO COMMUNITY COLLEGE DISTRICT

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION JUNE 30, 2010

NOTE 1 – PURPOSE OF SCHEDULE

Fund Combining Financial Statements

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