LONG BEACH COMMUNITY COLLEGE DISTRICT

LOS ANGELES COUNTY

REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2012

LONG BEACH
CITY COLLEGE

LONG BEACH COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
June 30, 2012

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LONG BEACH COMMUNITY COLLEGE DISTRICT

AUDIT REPORT
June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Long Beach Community College District, as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Long Beach Community College District as of June 30, 2012, and the results of its operations, changes in net assets and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012 on our consideration of the Long Beach Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Board of Trustees
Long Beach Community College District

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis, the schedule of postemployment health care benefits funding progress and the schedule of employer contributions 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 an opinion on the Long Beach Community College District financial statements as a whole. The supplementary schedules and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Long Beach Community College District. The supplementary section including the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The continuing disclosure information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

November 27, 2012

LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Long Beach Community College District (the "District") for the year ended June 30, 2012. This discussion is prepared by management and should be read in conjunction with the financial statements and notes, which follow this section.

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

Accounting Standards

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

Selected Highlights

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

- Cash balance (cash and cash equivalents) current and restricted decreased $34.6 million (25.1%) from $138.0 million to $103.4 million mainly due to spending $20.4 million on construction and equipment purchases and $28.2 million in capital principal and interest payments offset by $15 million in TRANS proceeds.

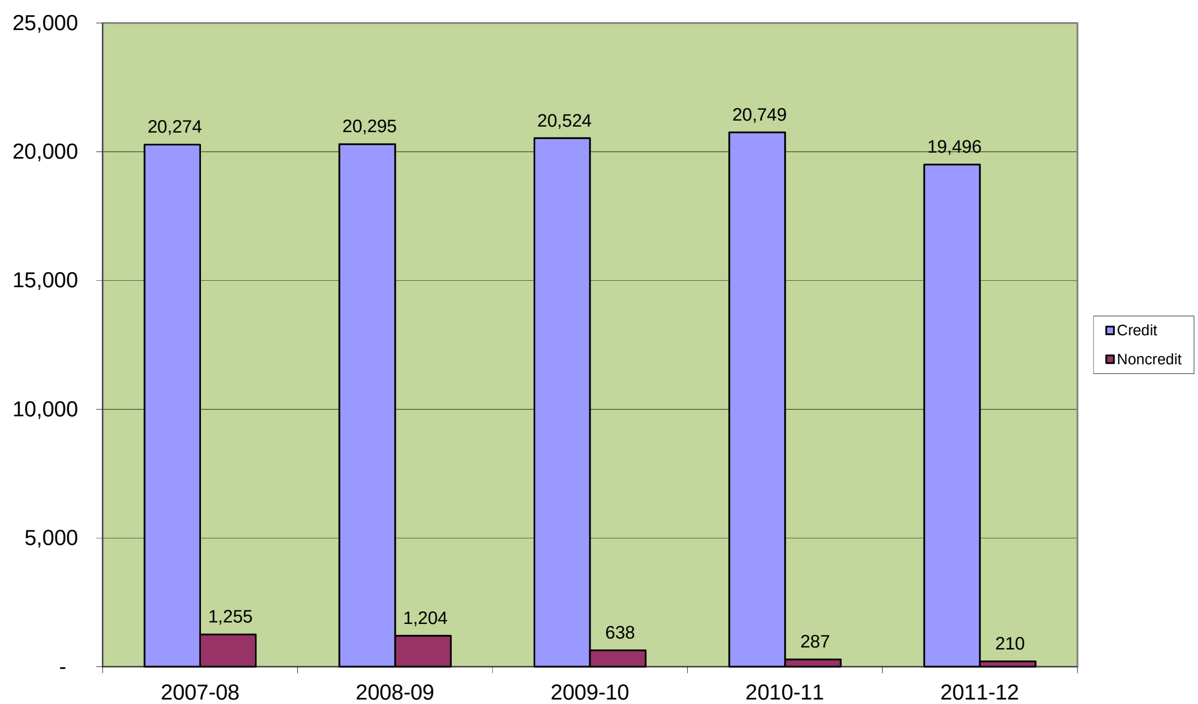
- Total operating and non-operating revenues decreased $1.6 million (0.8%) from $211.6 million to $210.0 million mainly due to decreases in state apportionments non-capital less increases to student financial aid and other funding.

- In 2011-12 the District's primary funding source was "State Apportionment Funding" received from the State of California through the State Chancellor's Office. This funding is one component of the overall funding based formula for community colleges. The other two components are local property taxes and student enrollment fees, which were $36 per unit in the year ending June 30, 2012. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). Our total apportionment eligible FTES reported were 19,706 for the 2011-12 fiscal year.

- Total ending fund balances (modified accrual basis) decreased $41.0 million (26.1%) from $157.1 million to $116.1 million due to $40 million in bond fund expenditures and General Fund deficit spending less minor increases.

- Net assets for governmental activities decreased $10.5 million (22.6%) from $46.2 million to $35.8 million comprised of a $9.9 million decrease to unrestricted net assets and a $8.1 million decrease in restricted net assets offset by a $7.6 million increase in capital assets, net of related debt.

ANNUAL ENROLLMENT
Full-Time Equivalent California Resident Students (FTES)



- The primary expenditure of the District is for the salaries and benefits for academic, classified, and administrative personnel. These costs decreased from the previous fiscal year by $1.2 million to $106.6 million. This 1.1% net decrease is primarily due to management furloughs and the reduction in management and classified positions.

- The District has made significant progress with the construction of new facilities and the renovation of existing facilities including:

Location	% Complete
Liberal Arts Campus	
Building A Renovation	80%
Building I – Bookstore	100%
Pacific Coast Campus	
Swing Space – Phase II	75%
Multi – Disciplinary Academic Building – Phase I	85%
Building CC Renovation	50%
Both Campuses	
Infrastructure Upgrades	90%
Landscape and Signage Upgrades	25%

Projects in the planning and design stages are:
- Student Services Center Retrofit (GG) – Pacific Coast Campus
- Math Tech & Culinary Arts Center – Liberal Arts Campus
- Nursing/Health Tech – Building C Modernization – Liberal Arts Campus

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

- The District provided student financial aid to qualifying students of the District in the amount of $61.9 million. This represents a $6.5 million increase from the 2010-11 fiscal year. This aid is provided through grants and loans from the Federal and State programs. Federal Pell Grant maximums remained at $5,550 per student in 2011-12. An increased number of applications caused the increase in total award dollars.

Financial Statement Presentation and Basis of Accounting Governmental Funds

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

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

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting, which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2012 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles and the modified accrual basis of accounting and the total net assets recorded on the full accrual basis of accounting is as follows:

Unrestricted Fund Balance	$ 14,840,916
Restricted Fund Balance	2,725,050
Bond Interest and Redemption Fund Balance	3,014,837
Revenue Bond Construction Fund Balance (2008 Election)	66,848,952
Capital Outlay Projects Fund Balance	9,471,775
Child Development Fund Balance	123,091
Other Special Revenue Funds Balance (Veteran's Stadium Operation and Contract/Community Education)	1,991,650
Other Trust Fund Balance (Retiree Benefits)	14,279,415
Student Financial Aid and Trust Fund Balance	121,523
Self Insurance Fund Balance	430,914
Total Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)	113,848,123
Auxiliary (not reported on CCFS-311)	994,998
Audit adjustment, see page 53	1,222,487
Total Ending Fund balances	$ 116,065,608

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

Total Ending Fund balances	$	116,065,608
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets. Capital assets of $246,650, are already reported in the Auxiliary Fund.		306,068,284
Compensated absences and load banking are not generally due and payable in the current period, and therefore are not reported in the governmental funds. However, compensated absences of $182,922 are reported in the Unrestricted General Fund.		(4,992,354)
Short-term and long-term liabilities for bonds and bond anticipation notes that are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Short-term and long-term liabilities are added to the statement of net assets which reduces the total net assets reported.		(371,000,929)
Issuance costs related to bonds incurred through June 30, 2012 are capitalized and added to total net assets.		2,608,471
Interest expense related to bonds and notes incurred through June 30, 2012 are required to be accrued under full accrual basis of accounting. This liability is added to the statement of net assets, which reduces the total net assets reported. Accrued interest of $100,100 related to the TRAN issue is already reported in the General Fund.		(8,518,098)
The supplemental employee retirement plan liability is not due and payable in the current period and, therefore, not reported as a liability in the governmental funds.		(385,650)
Estimated claims liability for self-insured risk of loss is not accrued in governmental funds.		(719,530)
Amounts for 2011-12 property taxes levied for debt service not received as of June 30, 2012.		1,694,619
Employer contributions for other postemployment retirement benefits which are less than the actuarially determined required contribution are recognized as a liability		(3,657,401)
Reduction for postemployment retirement benefits (OPEB) for amounts held in an irrevocable trust and reported as fiduciary activity.		(1,388,790)
Total Net Assets	$	35,774,230

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the District as of the end of the fiscal year. It is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Assets is a "point-in-time" financial statement. The purpose of this statement is to present the readers with a fiscal snapshot of the District on June 30, 2012. The Statement of Net Assets presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current) and net assets (assets minus liabilities).

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

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

Cash and cash equivalents, current and restricted decreased $34.6 million due mainly to spending $20.4 million on construction projects and equipment purchases and $28.2 million in capital principal and interest payments offset by $15.0 million in cash provided by Tax and Revenue Anticipation Notes (TRANS).

Accounts receivable increased $7.2 million (21.6%) to $40.7 million. This is the net effect of an increase in apportionment deferrals and a $2.4 million receivable from the State for the remaining state funded portion of the Multi-Disciplinary Academic Building (MDAB) construction project.

Capital assets increased 5.8% from $289.5 million to $306.3 million. This is the result of the District's continuing investment in constructing and renovating buildings at each of the District's two campuses.

Accounts payable and accrued liabilities increased 10.1% from $19.6 million to $21.6 million mainly due to the increase in bond project liabilities of $4.0 million less a decrease in general fund payables.

Total net assets decreased 22.6% from $46.2 million to $35.8 million. Major components comprising this decrease are the $9.9 million decrease in unrestricted net assets and the $8.1 million decrease in restricted net assets offset by the $7.6 increase in capital assets, net of related debt.

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

	(in thousands) 2012	(in thousands) 2011	Change
ASSETS			
Current assets			
Cash and cash equivalents	$ 99,378	$ 115,748	-14.1%
Receivables	40,687	33,471	21.6%
Inventories	460	658	-30.1%
Due from fiduciary fund		259	-100.0%
Prepaid expenses	1,944	1,565	24.2%
Total current assets	142,469	151,701	-6.1%
Non-current assets			
Restricted cash and cash equivalents	4,018	22,255	-81.9%
Capitalized fees	2,608	3,064	-14.9%
Capital assets, net of depreciation	306,317	289,532	5.8%
Total non-current assets	312,943	314,851	-0.6%
TOTAL ASSETS	455,412	466,552	-2.4%
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	21,579	19,605	10.1%
Tax revenue anticipation notes (TRANS)	15,000		100.0%
Due to OPEB Trust and fiduciary fund	169	79	113.9%
Deferred revenue	1,918	5,724	-66.5%
Amounts held in trust for others	32	21	52.4%
Estimated claims liability	720	720	0.0%
Long-term liabilities - current portion	165,437	9,548	1632.7%
Total current liabilities	204,855	35,697	473.9%
Non-current liabilities			
Long-term liabilities less current portion	214,782	384,614	-44.2%
Total non-current liabilities	214,782	384,614	-44.2%
TOTAL LIABILITIES	419,637	420,311	-0.2%
NET ASSETS			
Invested in capital assets, net of related debt	3,490	(4,063)	-185.9%
Restricted	15,957	24,017	-33.6%
Unrestricted	16,327	26,287	-37.9%
TOTAL NET ASSETS	$ 35,774	$ 46,241	-22.6%

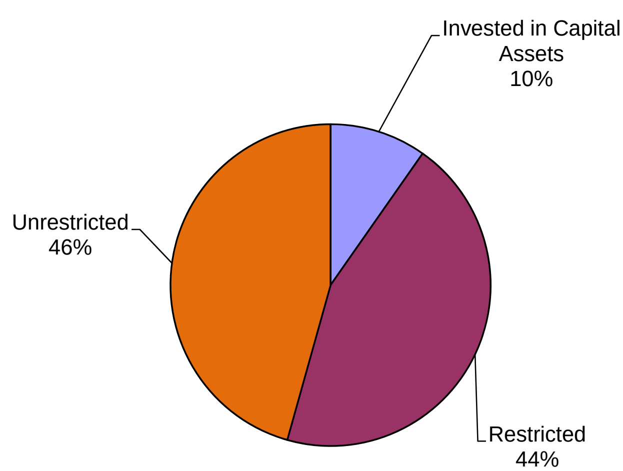
This schedule has been prepared from the Statement of Net Assets presented on page 1.

The components of net assets are investment in capital assets, restricted assets and unrestricted assets. The $3.5 million in net assets invested in capital assets, net of related debt consists of $306.3 million in capital assets, net of accumulated depreciation and Revenue Bond Construction Fund net assets of $68.1 million, less $370.9 million in bond and notes debt.

$16.0 million of restricted net assets are assets that must be used to meet the goals and purposes of the Federal, State, local, or private agencies providing the assets or amounts designated for debt services.

The value of unrestricted net assets was $16.3 million. Many of the unrestricted net assets have been designated by the Board for such purposes as Federal and State grants objectives, outstanding commitments on contracts, and general reserves for the ongoing financial health of the District.

Net Assets
June 30, 2012



Statement of Revenues, Expenses and Changes in Net Assets

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

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

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

	(in thousands) 2012	(in thousands) 2011	Change
Operating Revenues			
Net tuition and fees	$ 6,633	$ 4,060	63.4%
Grants and contracts, non-capital	82,566	77,460	6.6%
Auxiliary sales and charges	6,196	6,452	-4.0%
Total operating revenues	95,395	87,972	8.4%
Operating Expenses			
Salaries and benefits	106,566	107,755	-1.1%
Supplies, materials and other operating expenses and services	29,912	30,814	-2.9%
Financial aid	61,920	55,400	11.8%
Depreciation	7,276	6,501	11.9%
Total operating expenses	205,674	200,470	2.6%
Operating loss	(110,279)	(112,498)	-2.0%
Non-operating revenues			
State apportionments, non-capital	77,673	88,041	-11.8%
Local property taxes	12,559	11,626	8.0%
State taxes and other revenues	4,082	4,062	0.5%
Investment income, net	669	583	14.8%
Total non-operating revenues	94,983	104,312	-8.9%
Other revenues, (expenses), gains or (losses)			
State apportionments, capital	6,066	4,253	42.6%
Local property taxes and other revenues, capital	12,587	13,080	-3.8%
Investment income, capital	971	1,937	-49.9%
Interest expense	(14,795)	(14,663)	0.9%
Total other revenues, (expenses), gains or (losses)	4,829	4,607	4.8%
Change in net assets	(10,467)	(3,579)	192.5%
Net assets, beginning of year as previously reported	46,241	49,820	-7.2%
Net assets, end of year	$ 35,774	$ 46,241	-22.6%

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

	(in thousands) 2012	(in thousands) 2011	Change
Revenues			
Operating Revenues	$ 95,395	$ 87,972	8.4%
Non Operating Revenues	94,983	104,312	-8.9%
Other Revenues	19,624	19,270	1.8%
	210,002	211,554	-0.7%
Expense			
Operating Expenses	(205,674)	(200,470)	2.6%
Other Expenses	(14,795)	(14,663)	0.9%
Total Expenses	(220,469)	(215,133)	2.5%
Change in Net Assets	(10,467)	(3,579)	192.5%
Net Assets at beginning of year	46,241	49,820	-7.2%
Net Assets End of Year	$ 35,774	$ 46,241	-22.6%

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

Operating revenue increased 8.4% due to the increases in tuition and fees and federal financial aid revenue.

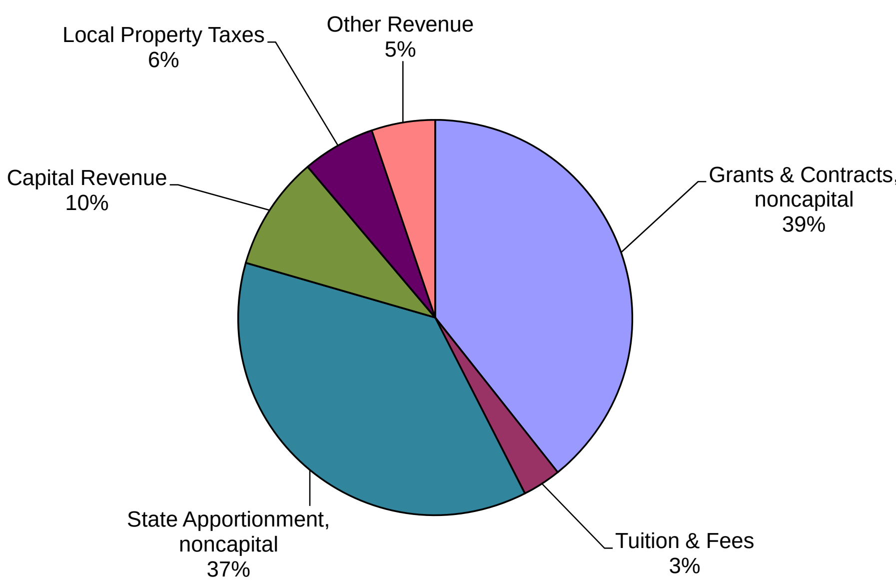
The 8.9% decrease in non-operating revenues is due to State apportionment cuts including mid-year trigger cuts.

Operating expenses increased 2.6%, which is the net effect of the increase in demand for financial aid less the cuts to salaries, due to reduction in force.

Total revenues were $210.0 million while total expenditures were $220.5 million. This yields a decrease in net assets of $10.5 million, representing a 22.6% decrease in net assets.

The following chart shows the sources of revenue to the District. The largest sources are State apportionment, non-capital (37%) which is derived from the State's funding formula for Community Colleges; and Grants & Contracts, non-capital (39%)

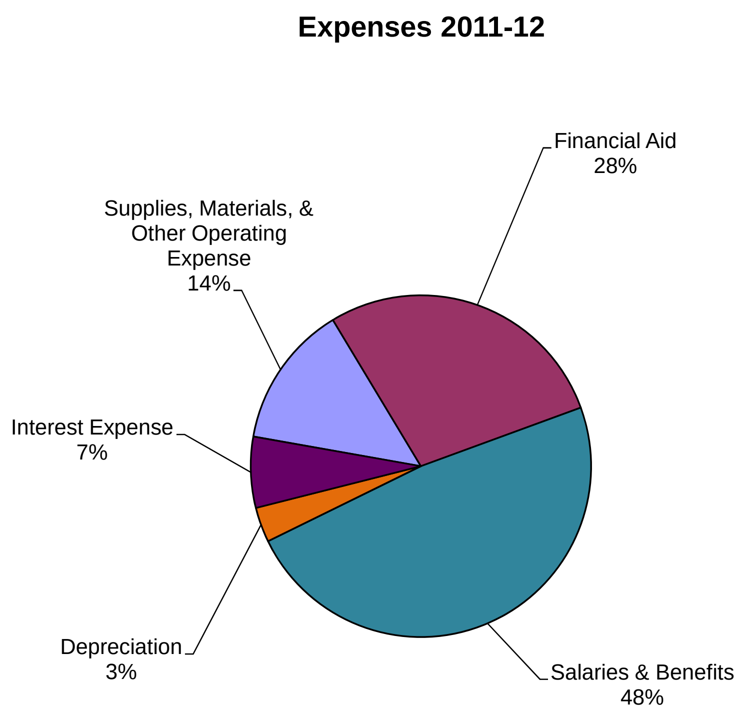
Revenue 2011-12



LONG BEACH COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

The following chart shows where the District's money is spent. The largest category of expenses (48%) is for salaries and benefits. This reflects the college's reliance on faculty members and support staff to perform its educational mission.



Statement of Cash Flows

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

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

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

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

Capital and related financing – The cash used in this section includes purchases of capital assets and debt repayments.

The net change in cash, considering all sources and uses, was a decrease of $34.6 million. This results in an end of year cash balance of $103.4 million. As a matter of prudent financial management, the District maintains a positive cash position at all times.

A summarized comparison of the Statement of Cash Flows is presented below:

	(in thousands) 2012	(in thousands) 2011	Change
Cash Provided By (Used in)			
Operating activities	$ (104,593)	$ (102,861)	-1.7%
Non-capital financing activities	104,107	97,337	7.0%
Capital and related financing activities	(34,801)	(52,820)	-34.1%
Investing activities	681	572	19.1%
Net increase/(decrease) in cash and cash equivalents	(34,606)	(57,772)	-40.1%
Cash balance, beginning of year	138,003	195,775	-29.5%
Cash balance, end of year	$ 103,397	$ 138,003	-25.1%

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

Cash used in operating activities increased due to an increase in receipts from Federal grants and their respective expense less a decrease in disbursements for salaries to address necessary budget cuts.

Capital Assets and Debt Administration

Capital Assets

In accordance with GASB requirements, all assets, including land, is recorded at historical cost. Actual fair-market value of land is substantially higher than historical cost. This is due to the fact that land for the Liberal Arts Campus and the Pacific Coast Campus was acquired approximately eighty years ago and land values in Southern California have increased over this time. On June 30, 2011, the District had $289.5 million, net of depreciation, in a broad range of capital assets including land, buildings, equipment and construction in progress. During the 2011-12 fiscal year, the District continued to modernize various facilities throughout the District at a cost of $24.1 million. At the end of the year capital assets, net of depreciation, were valued at $306.3 million which is a 5.8% increase.

Note 5 to the financial statements provides additional information on capital assets. A comparison of capital assets net of depreciation is summarized below:

	(in thousands) Balance June 30, 2012	(in thousands) Balance June 30, 2011	Change
Land	$ 25,976	$ 25,976	0.0%
Construction in Progress	48,399	55,697	-13.1%
Site and Site Improvements	284,277	253,304	12.2%
Equipment	11,500	11,137	3.3%
Totals at historical cost	370,152	346,114	6.9%
Less accumulated depreciation for:			
Site and Site Improvements	54,280	47,812	13.5%
Equipment	9,557	8,771	9.0%
Total accumulated depreciation	63,837	56,583	12.8%
Governmental capital assets, net	$ 306,315	$ 289,531	5.8%

Long-Term Debt

As of June 30, 2012, the District had $380.2 million in long-term debt. During the 2011-12 fiscal year, long-term debt decreased by $13.9 million. This is due to bond payments ($6.7 million) and the amortization of bond and BAN premiums less other additions for accreted interest and OPEB.

Notes 7 through 10, as well as Notes 13 and 14, to the financial statements provide additional information on long-term liabilities. A comparison of long-term debt is summarized below:

	(in thousands) Balance June 30, 2012	(in thousands) Balance June 30, 2011	Change
Compensated absenses	$ 5,175	$ 5,376	-3.7%
General obligation bonds, net	215,921	219,734	-1.7%
Bond anticipation notes, net	155,080	165,240	-6.1%
Other postemployment benefits other than pensions (OPEB)	3,657	2,662	37.4%
Supplemental employee retirement plan	386	1,150	-66.4%
Total long term debt	380,219	394,162	-3.5%
Total short term portion	(165,437)	(9,548)	1632.7%
Total long term portion	$ 214,782	$ 384,614	-44.2%

District's Fiduciary Responsibility

The Futuris Public Entity Investment Trust (the Retiree Benefit Trust) was established in May 2006. The Retiree Benefit Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Retiree Benefit Trust and the financial activity of the Retiree Benefit Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Associated Student Body Fund. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

Economic Factors Affecting the Future of Long Beach Community College District

The economic position of Long Beach Community College District is closely tied to the economic health of the State of California. State apportionment and other State revenues, non-capital, of $97 million support 49% of total operating expenses, excluding depreciation.

The 2012-13 budget year began with great uncertainty. Potential state apportionment reductions loomed in the following three areas: 1) mid-year trigger cuts, 2) large deficit factor and 3) overestimate of new state tax revenue. The potential mid-year trigger cuts were averted due to the passage of Proposition 30 in November 2012. However, the State Chancellor's office warns that a large deficit factor in 2012-13 is a distinct possibility due to the uncertainty of the cash flow of new property tax revenue from the elimination of the state's redevelopment agencies. Additionally, the Legislative Analyst's Office (LAO) warns that the state's estimate of new tax revenue for 2012-13 resulting from the passage of Proposition 30 may be overstated by 10% to 25%.

Cash flow continues to be a problem for the State and consequently for the District. The passage of Proposition 30 provides for reduced deferrals state-wide, but since the District relies so heavily on state general apportionment, the dollar deferral reduction for the District individually is minor. Therefore, the District is projecting $25 million in deferrals for 2012-13. In addition to deferrals, the State has implemented severe cash flow delays throughout fiscal year 2012-13. Consequently, only about 39% of the District's 2012-13 state general apportionment will be received during the first 11 months of the fiscal year. These cash flow delays force the District into increasing larger amounts of short-term borrowing to continue to maintain positive cash balances.

On a positive note, the Retiree Health Benefit Fund balance increased from $12.7 million to $14.3 million, of this balance, $1.4 million represents the ending fund balance of the irrevocable Retiree Benefit Trust reported in a separate statement of net assets and statement of changes in net assets for Other Postemployment Benefits Plan in accordance with GASB 43/45.

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

The District issued $150 million in Bond Anticipation Notes in January 2010 to continue to fund ongoing bond construction projects. These three-year notes mature in January 2013. The District issued $15 million in Tax Revenue Anticipation Notes (TRAN) on March 1, 2012 due to cash flow needs caused by increasing apportionment deferrals. An additional mid-year TRAN issuance is expected in the spring of 2013 to continue to maintain positive cash balances despite the state cash flow delays noted above.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact John Thompson, Director of Fiscal Services, at: Long Beach Community College District, 4901 E. Carson Street – Y14, Long Beach, CA 90808, (562) 938-4102, or via email at jthompson@lbcc.edu.

BASIC FINANCIAL STATEMENTS

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 99,379,371
Accounts receivable, net	40,687,102
Stores inventories	459,867
Prepaid expenses	1,944,107
Total Current Assets	142,470,447
Non-current Assets:	
Restricted cash	4,017,775
Capitalized fees	2,608,471
Land	25,976,471
Construction in process	48,399,101
Capital assets, net of accumulated depreciation	231,939,362
Total Non-current Assets	312,941,180
TOTAL ASSETS	$ 455,411,627
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	$ 12,167,594
Accrued liabilities	793,551
Accrued interest payable	8,618,198
Tax revenue anticipation notes (TRANS)	15,000,000
Due to fiduciary fund	95,691
Due to OPEB Trust	73,420
Deferred revenue	1,918,221
Amounts held in trust for others	31,936
Estimated claims liability	719,530
Compensated absences - current portion	2,339,481
General obligation bonds payable - current portion	7,825,000
Bond anticipation notes (BAN)	155,080,000
Supplemental employee retirement plan - current portion	192,825
Total Current Liabilities	204,855,447
Non-current Liabilities:	
Compensated absences	2,835,795
General obligation bonds payable	208,095,929
Other postemployment benefits other than pensions (OPEB)	3,657,401
Supplemental employee retirement plan	192,825
Total Non-current Liabilities	214,781,950
TOTAL LIABILITIES	419,637,397
NET ASSETS	
Invested in capital assets, net of related debt	3,385,444
Restricted for:	
Capital projects	9,471,774
Debt service	3,638,563
Scholarships and loans	121,523
Other special services	2,725,050
Unrestricted	16,431,876
TOTAL NET ASSETS	35,774,230
TOTAL LIABILITIES AND NET ASSETS	$ 455,411,627

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2012

OPERATING REVENUES	
Tuition and fees (gross)	$ 18,838,594
Less: Scholarship discounts and allowances	(12,205,591)
Net tuition and fees	6,633,003
Grants and contracts, non-capital:	
Federal	67,119,752
State	9,808,127
Local	5,637,865
Auxiliary enterprise sales and charges	6,196,032
TOTAL OPERATING REVENUES	95,394,779
OPERATING EXPENSES	
Salaries	79,184,634
Employee benefits	27,381,529
Supplies, materials, and other operating expenses and services	27,198,499
Financial aid	61,919,784
Utilities	2,712,945
Depreciation	7,276,176
TOTAL OPERATING EXPENSES	205,673,567
Operating loss	(110,278,788)
NON-OPERATING REVENUES	
State apportionments, non-capital	77,672,849
Local property taxes	12,559,058
State taxes and other revenues	4,082,353
Investment income - non-capital	668,619
TOTAL NON-OPERATING REVENUES	94,982,879
Loss before other revenues, (expenses), gains or (losses)	(15,295,909)
OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)	
State apportionments, capital	6,065,818
Local property taxes and revenues, capital	12,587,018
Investment income, capital	970,953
Interest expense on capital asset-related debt	(14,795,072)
TOTAL OTHER REVENUES, (EXPENSES), GAINS OR (LOSSES)	4,828,717
Decrease in net assets	(10,467,192)
NET ASSETS, BEGINNING OF YEAR	46,241,422
NET ASSETS, END OF YEAR	$ 35,774,230

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees (net)	$ 7,268,872
Federal grants and contracts	66,688,188
State grants and contracts	9,400,551
Local grants and contracts	6,724,001
Enterprise sales and charges	6,109,846
Payments to suppliers	(31,185,362)
Payments to/on behalf of employees	(107,454,910)
Payments to/on behalf of students	(62,155,825)
Amounts received/(paid) in trust	10,757
Net cash used by operating activities	(104,593,882)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	73,152,471
Property taxes	11,999,084
State tax and other revenues (payments)	3,956,378
Tax revenue anticipation notes, net	15,000,000
Net cash provided by non-capital financing activities	104,107,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local revenue for capital purposes	12,586,918
Interest on capital investments	1,179,016
Net purchases of capital assets	(20,378,443)
Principal paid on capital debt	(6,706,959)
Interest paid on capital debt	(21,481,539)
Net cash used by capital and related financing activities	(34,801,007)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	681,245
Net cash provided by investing activities	681,245
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,605,711)
CASH BALANCE, Beginning of Year	138,002,857
CASH BALANCE, End of Year	$ 103,397,146

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2012

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

Operating loss	$ (110,278,788)
Adjustments to reconcile net loss to net cash	
used by operating activities:	
Depreciation expense	7,276,176
Changes in assets and liabilities:	
Receivables, net	153,797
Inventory	197,654
Prepaid expenses	(48,060)
Accounts payable and accrued liabilities	(2,160,225)
Deferred revenue	(124,107)
Compensated absences	(201,087)
Due to OPEB Trust	(6,024)
Due to /from fiduciary	355,106
Amounts held in trust for others	10,757
Other postemployment benefits other than pensions (OPEB)	995,132
Supplemental employee retirement plan	(764,213)
Net cash used by operating activities:	$ (104,593,882)
Breakdown of ending cash balance:	
Cash and cash equivalents	$ 99,379,371
Restricted cash and cash equivalents	4,017,775
Total	$ 103,397,146

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2012

	Associated Student Body Fund
ASSETS	
Cash and cash equivalents	$ 2,191,948
Accounts receivable	200
Due from District	95,691
TOTAL ASSETS	2,287,839
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	7,827
Deferred revenue	60,515
Amounts held in trust	441,759
TOTAL LIABILITIES	510,101
NET ASSETS	
Unrestricted	1,777,738
TOTAL NET ASSETS	$ 1,777,738

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2012

	Associated Student Body Fund
ADDITIONS	
Student representation fee	$ 789,658
Other local sources	56,975
Interest and investment income	4,375
TOTAL ADDITIONS	851,008
DEDUCTIONS	
Salaries	187,765
Benefits	63,957
Supplies, materials, and other operating expenses and services	596,274
TOTAL DEDUCTIONS	847,996
Increase in net assets	3,012
NET ASSETS AT BEGINNING OF YEAR	1,774,726
NET ASSETS, END OF YEAR	$ 1,777,738

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS
June 30, 2012

	Retiree Benefit Trust
ASSETS	
Investments	$ 1,315,370
Due from governmental funds:	
Contributions receivable	73,420
TOTAL ASSETS	1,388,790
TOTAL NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	$ 1,388,790

See the accompanying notes to the financial statements.

LONG BEACH COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS
For the Fiscal Year Ended June 30, 2012

	Retiree Benefit Trust
ADDITIONS	
Investment Income:	
Interest and investment income	$ 48,740
Realized gain on investments	21,880
Investment expense	(12,589)
Net investment income	58,031
Contributions	73,420
TOTAL ADDITIONS	131,451
Increase in net assets	131,451
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING OF YEAR	1,257,339
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, END OF YEAR	$ 1,388,790

See the accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. REPORTING ENTITY:

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

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

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

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

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.

2. The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

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

A. REPORTING ENTITY: (continued)

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

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

Futuris Public Entity Investment Trust (the Retiree Benefit Trust) – The Retiree Benefit Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits. The Long Beach City College Retirement Board of Authority (the Board of Authority) retains the responsibility to oversee the management of the Retiree Benefit Trust. The Board of Authority is comprised of the Vice President of Administrative Services, the Executive Vice President of College Advancement and Economic Development and the Director of Fiscal Services. The financial activity of the Retiree Benefit Trust has been discretely presented. Individually prepared financial statements are not prepared for the Retiree Benefit Trust.

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

Long Beach City College Foundation – The Foundation is a separate not-for-profit corporation created for the benefit of the District and its students and organized to provide support for the activities and programs of the District. The Foundation is not included as a component unit because the second criterion was not met; the District is not entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the separate organization. Separate financial statements for the Foundation can be obtained through the District.

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

B. FINANCIAL STATEMENT PRESENTATION:

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

C. BASIS OF ACCOUNTING:

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

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

C. BASIS OF ACCOUNTING: (continued)

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

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

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

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

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

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

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

C. BASIS OF ACCOUNTING: (continued)

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

1. Cash and Cash Equivalents

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

2. Accounts Receivable

Accounts receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grant and contracts. All material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Account receivable from students for tuition and fees are recorded at gross amounts. Bad debts are accounted for by the direct write-off method for student receivables, which is not materially different from the allowance method.

3. Stores Inventories

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

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

C. BASIS OF ACCOUNTING: (continued)

4. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed. Prepaid expenses consist primarily of prepaid insurance premiums, maintenance agreements, professional services, and supplementary employee retirement plan payments.

5. Restricted Cash and Cash Equivalents

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

6. Investments

Investments in the Retiree Benefit Trust are reported at cost, which approximated fair value at June 30, 2012.

7. Capitalized Fees

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

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

C. BASIS OF ACCOUNTING: (continued)

8. Capital Assets

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

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded in operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 25 years for portable buildings, 20 years for building and land improvements, 5 years for equipment and vehicles and 3 years for technology.

9. Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salary and benefits payable.

10. Deferred Revenue

Cash received for student fees and federal and state special projects and programs, including state funded capital outlay projects, is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

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

C. BASIS OF ACCOUNTING: (continued)

11. Compensated Absences

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

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

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires and within the constraints of the appropriate retirement systems.

12. Net Assets

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

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

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

C. BASIS OF ACCOUNTING: (continued)

12. Net Assets (continued)

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

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

13. State Apportionments

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

Any prior year corrections due to the recalculation in February of 2013 will be recorded in the year computed by the State.

The District has recorded accounts receivable of approximately $25.8 million related to the deferred apportionment payment, net of property tax and enrollment fee revenue adjustments.

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

C. BASIS OF ACCOUNTING: (continued)

14. Property Taxes

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

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

For the fiscal year 2011-12, the District received a premium of $14,468 in local revenue from the California Statewide Delinquent Tax Finance Authority for the sale of $171,385 in delinquent tax receivables.

15. On-Behalf Payments

GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all community college and school districts in California. However, a fiscal advisory was issued by the California Department of Education instructing districts not to record revenue and expenditures for these on-behalf payments. The amount of on-behalf payments made for the District is estimated at $813,000 for STRS.

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

C. BASIS OF ACCOUNTING: (continued)

16. Classification of Revenues

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

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

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

17. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

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

C. BASIS OF ACCOUNTING: (continued)

18. Estimates

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

19. Tax Status

The Auxiliary qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701d.

The Auxiliary has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Auxiliary's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Auxiliary files informational returns in the U.S. federal jurisdiction, and the state of California. With few exceptions, the statute of limitation for U.S. federal and state examinations by tax authorities is generally three and four years, respectively.

20. Minimum Reserve Policy

The District has adopted a minimum reserve balance policy in order to protect against revenue short falls and unexpected one-time expenditures. The policy requires a reserve for contingencies consisting of unassigned amounts of no less than 5.5% of unrestricted general fund expenditures. This policy exceeds the minimum reserve balance recommended by the California Community College Chancellor's Office that districts provide for a minimum prudent reserve balance of 5% of unrestricted expenditures.

NOTE 2 – DEPOSITS AND INVESTMENTS:

A. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk. As of June 30, 2012, $4,854,425 of the District's bank balance of $6,056,423 was exposed to credit risk as follows:

Uninsured and uncollateralized	$ 4,854,425

B. Cash in County Treasury

In accordance with Title 5 and the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at unamortized cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2012, as provided by the pool sponsor, was $102,177,952. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized. The County investment pool is not required to be rated.

The District operates a warrant pass-through fund as a holding account for amounts collected from employees for federal taxes, state taxes and other contributions. The District had Cash in the County Treasury amounting to $2,755,081 on June 30, 2012, which represents withholdings payable and amounts due to the general fund for payments made on the warrant pass-through fund's behalf.

NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)

C. Investments

Investments held by the Futuris Public Entity Investment Trust (the Retiree Benefit Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Government Code Section 53620 through 53622. The Retiree Benefit Trust did not violate any provisions of the investment policy during the fiscal year ended June 30, 2012.

Investments held by the Retiree Benefit Trust at June 30, 2012 are presented below:

Investment	Fair Value
Common Stock Mutual Fund	$ 473,873
Fixed Income Mutual Fund	841,497
Total	$1,315,370

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Retiree Benefit Trust investment policy follows California Government Code Section 53601 and limited investment maturities to 5 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Retiree Benefit Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital. As of June 30, 2012, the Retiree Benefit Trust's investments are in mutual funds which are not rated.

NOTE 2 – DEPOSITS AND INVESTMENTS: (continued)

C. Investments (continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, the Retiree Benefit Trust is exposed to concentration of credit risk whenever investments in any one issuer exceed 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

The Retiree Benefit Trust's investment policy limits investments in any single equity security to be not more than 5%. In addition, the Retiree Benefit Trust's investment policy prohibits investments in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer. This limitation is not intended to apply to percentage of the Retiree Benefit Trust assets invested in a single diversified multi fund. Nor does the limitation apply to obligations of the U.S. Government and its agencies, U.S. agency mortgage-backed pass-through securities or to a mutual fund that invests in such obligations or securities. At June 30, 2012 the Retiree Benefit Trust had not invested more than 5% of its portfolio in one issuer.

NOTE 3 – ACCOUNTS RECEIVABLE:

The accounts receivable balance as of June 30, 2012 consists of the following:

Federal and State	$32,864,977
Miscellaneous	3,583,521
Due from Warrant Pass-Through Fund	2,725,782
Tuition and Fees	1,512,822
	$40,687,102

NOTE 4 – INTERFUND TRANSACTIONS:

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

NOTE 5 - CAPITAL ASSETS:

The following provides a summary of changes in capital assets for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Non-depreciable assets:				
Land	$ 25,976,471	$	$	$ 25,976,471
Construction in progress	55,696,684	22,727,952	(30,025,535)	48,399,101
Total non-depreciated assets:	81,673,155	22,727,952	(30,025,535)	74,375,572
Depreciable assets:				
Site and site improvements	253,304,310	30,972,584		284,276,894
Equipment	11,137,232	384,017	(21,936)	11,499,313
Total depreciable assets:	264,441,542	31,356,601	(21,936)	295,776,207
Less accumulated depreciation for:				
Site and site improvements	47,811,684	6,467,990		54,279,674
Equipment	8,770,921	808,186	(21,936)	9,557,171
Total accumulated depreciation	56,582,605	7,276,176	(21,936)	63,836,845
Total depreciable asset, net	207,858,937	24,080,425	-	231,939,362
Governmental capital assets, net	$ 289,532,092	$ 46,808,377	$ (30,025,535)	$ 306,314,934

NOTE 6 - TAX AND REVENUE ANTICIPATION NOTES (TRANS):

2011-12 Pooled TRAN Participation Certificates Series A

The District issued $10,000,000 of tax and revenue anticipation notes dated July 1, 2011. The notes include interest at a rate of 2.00% and matured on June 29, 2012. The notes were sold by the District to supplement its cash flow.

Repayment requirements were that $5,000,000 be deposited with the County Treasurer prior to January 31, 2012, and a final payment of $5,000,000, plus interest of $198,889 on the notes be deposited prior to February 29, 2012. All deposits were made with County Treasurer on a timely basis.

NOTE 6 - TAX AND REVENUE ANTICIPATION NOTES (TRANS): (continued)

2011-12 Pooled TRAN Participation Certificates Series B

The District issued $15,000,000 of tax and revenue anticipation notes dated March 1, 2012. The notes include interest at a rate of 2.00% and mature on January 31, 2013. The notes were sold by the District to supplement its cash flow.

Repayment requirements are that $7,500,000 be deposited with the County Treasurer in November, 2012, and a final payment of $7,500,000, plus an amount sufficient to pay interest on the notes, be deposited in December, 2012.

NOTE 7 - GENERAL OBLIGATION BONDS – MEASURE E (2002):

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

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

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

On November 29, 2005, the District offered for sale $28,224,898 in General Obligation 2002 Election Series C (2005) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $21,485,000 and capital appreciation bonds in the aggregate principal amount of $6,739,898. These bonds contain an interest provision ranging from 3.75 percent to 4.73 percent depending on maturity date of the bond. These bonds were issued to refund certain outstanding general obligation bonds (Series A) of the District and to pay for certain capital improvements.

NOTE 7 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)

The capital appreciation bonds were issued with maturity dates of May 1, 2014 through May 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2012, $9,873,794 in accreted interest has been accrued and included in long-term debt.

$5,502,159 in proceeds, net of costs, from the refunding were deposited in the Revenue Bond Construction Fund. The balance of proceeds associated with the refunding were deposited in an escrow fund for future repayment. At June 30, 2012 the outstanding balance of the defeased debt to be paid by the escrow agent totaled $27,175,000. This amount is scheduled to be repaid in May 2013. These bonds are considered fully defeased and are not recorded on the financial statements. The difference in cash flow requirements related to this refunding amounted to a savings of approximately $4,546,350. These savings resulted in a re-calculation of the collections and payments toward bond payoffs and are included in the consolidated schedule noted on the subsequent page. The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agent exceeded the existing carrying value of the refunded debt by $1,048,716. Amortization of $45,596 was recognized during the 2011-12 year.

On October 24, 2007, the District offered for sale $70,999,987 in General Obligation 2002 Election Series D (2007) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $43,550,000 and capital appreciation bonds in the aggregate principal amount of $27,449,987. These bonds contain an interest provision ranging from 3.63 percent to 6.01 percent depending on maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities.

The capital appreciation bonds were issued with maturity dates of May 1, 2013 through May 1, 2025. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2012, $5,960,498 in accreted interest has been accrued and included in long-term debt.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The Bonds included total premiums of $10,733,216. This amount will be amortized using the straight-line method. Amortization of $645,289 was recognized during the 2011-12 year.

NOTE 7 - GENERAL OBLIGATION BONDS – MEASURE E (2002): (continued)

Associated issuance costs are recorded as capitalized fees on the statement of net assets. The Bonds included issuance costs of $2,114,256. This amount will be amortized using the straight-line method. Amortization of $99,540 was recognized during 2011-12.

The following summarizes the outstanding bonded debt of Measure E (2002) at June 30, 2012.

Date of Issue		Interest Rate %	Original Maturity Dates (1)	Amount of Original Issue	Outstanding July 1, 2011	Redeemed Current Year	Outstanding June 30, 2012
04/30/03	A	2.5-5.0%	5/1/2004 to 8/1/2027	$ 40,000,000	$ 2,415,000	$ 1,180,000	$ 1,235,000
11/29/05	B	3.75-5.0%	5/1/2006 to 5/1/2030	65,000,000	58,560,000	1,280,000	57,280,000
11/29/05	C	3.75-4.73%	5/1/2006 to 5/1/2017	28,224,898	14,909,898	3,920,000	10,989,898
10/24/07	D	3.63-6.01%	5/1/2013 to 5/1/2032	70,999,987	70,999,987		70,999,987
				$ 204,224,885	$ 146,884,885	$ 6,380,000	$ 140,504,885

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

The annual requirements to amortize all Measure E (2002) bonds payable, outstanding as of June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2013	$ 7,158,580	$ 56,420	$ 5,188,750	$ 12,403,750
2014	4,181,135	3,078,865	4,912,750	12,172,750
2015	4,550,469	3,454,531	4,850,750	12,855,750
2016	4,838,097	3,821,903	4,778,500	13,438,500
2017	4,918,466	4,116,534	4,685,750	13,720,750
2018-2022	28,883,057	10,966,943	21,700,500	61,550,500
2023-2027	37,490,081	8,794,919	17,508,750	63,793,750
2028-2032	48,485,000		6,650,000	55,135,000
Total Debt Service	$ 140,504,885	$ 34,290,115	$ 70,275,750	$ 245,070,750

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2008):

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

On July 8, 2009, the District offered for sale $48,373,981 in General Obligation 2009 Election Series A (2009) Bonds. The bonds were issued as current interest bonds in the aggregate principal amount of $24,990,000 and capital appreciation bonds in the aggregate principal amount of $23,383,981. These bonds contain an interest provision ranging from 3.59 percent to 5.45 percent depending on maturity date of the bond. These bonds were issued to be used for acquisition, construction, furnishing and equipping of District facilities as well as the prepayment of obligations of the District as noted above.

The capital appreciation bonds were issued with maturity dates of June 1, 2012 through June 1, 2018 and June 1, 2027 through June 1, 2033. Prior to the applicable maturity date, each bond will accrete interest on the principal component. At June 30, 2012, $4,956,626 in accreted interest, net of maturities, has been accrued and included in long-term debt.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The bonds included a premium of $1,060,612, which is amortized using the straight-line method. Amortization of $42,425 was recognized during the 2011-12 year.

Associated issuance costs are recorded as capitalized fees on the statement of net assets. The Bonds included issuance costs of $1,130,044. This amount will be amortized using the straight-line method. Amortization of $46,402 was recognized during 2011-12.

The following summarizes the outstanding bonded debt of Measure E (2008) at June 30, 2012.

Date of Issue	Interest Rate %	Maturity Dates	Amount of Original Issue	Outstanding July 1, 2011	Redeemed Current Year	Outstanding June 30, 2012
7/8/2008 A	3.59-5.45%	6/1/2012 to 6/1/2033	$ 48,373,981	$ 48,373,981	$ 326,959	$ 48,047,022

NOTE 8 - GENERAL OBLIGATION BONDS – MEASURE E (2008): (continued)

The annual requirements to amortize the Measure E (2008) bonds payable, outstanding as of June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal	Accreted Interest	Interest	Total
2013	$ 509,118	$ 100,882	$ 1,219,675	$ 1,829,675
2014	657,319	167,681	1,219,675	2,044,675
2015	591,014	188,986	1,219,675	1,999,675
2016	740,302	289,698	1,219,675	2,249,675
2017	1,040,767	489,233	1,219,675	2,749,675
2018-2022	11,114,134	975,866	5,552,325	17,642,325
2023-2027	17,726,901	3,453,099	2,062,500	23,242,500
2028-2032	12,936,974	28,713,025		41,649,999
2033	2,730,493	7,659,508		10,390,001
Total Debt Service	$ 48,047,022	$ 42,037,978	$ 13,713,200	$ 103,798,200

NOTE 9 – BOND ANTICIPATION NOTES:

On January 7, 2010, the District issued $150,000,000 in bond anticipation notes. The notes were issued to finance the acquisition, construction, equipment, furnishings and improvement of certain District facilities.

The principal on the notes are payable only at maturity, and the District will pay interest on an annual basis. The interest rate is 9.85% per annum. The maturity date is January 15, 2013. The principal amount of the notes, together with the interest thereon, will be payable from the proceeds of any future sale of bonds pursuant to the authorization, or from other funds of the District lawfully available for the purpose of repaying the notes.

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The notes included total premiums of $30,480,000. This amount will be amortized using the straight line method. Amortization of $10,160,000 was recognized during 2011-12.

Associated issuance costs are recorded as capitalized fees on the statement of net assets. The notes included issuance costs of $930,000. This amount will be amortized using the straight-line method. Amortization of $310,000 was recognized during 2011-12.

NOTE 9 – BOND ANTICIPATION NOTES: (continued)

The annual requirements to amortize the notes payable, outstanding as of June 30, 2012, are as follows:

Year Ended June 30,	Principal	Interest	Total
2013	$ 150,000,000	$ 15,103,333	$ 165,103,333
Total Debt Service	$ 150,000,000	$ 15,103,333	$ 165,103,333

NOTE 10 – LONG-TERM DEBT:

A schedule of changes in long-term debt for the year ended June 30, 2012 is shown below:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Balance Due In One Year
Compensated absences	$ 5,376,363	$	$ 201,087	$ 5,175,276	$ 2,339,481
General obligation bonds (2002 election):					
Bonds payable	146,884,885		6,380,000	140,504,885	7,158,580
Accreted interest	13,644,363	2,189,929		15,834,292	56,420
Bond premium	7,062,012		645,289	6,416,723	
Deferred liability	(775,140)		(45,596)	(729,544)	
General obligation bonds (2008 election):					
Bonds payable	48,373,981		326,959	48,047,022	509,118
Accreted interest	3,610,109	1,394,558	48,041	4,956,626	100,882
Bond premium	933,350		42,425	890,925	
Bond anticipation notes:					
Notes payable	150,000,000			150,000,000	150,000,000
Notes premium	15,240,000		10,160,000	5,080,000	5,080,000
Other postemployment benefits other than pensions (OPEB)	2,662,269	995,132		3,657,401	
Supplemental employee retirement plan	1,149,863		764,213	385,650	192,825
	$ 394,162,055	$ 4,579,619	$ 18,522,418	$ 380,219,256	$ 165,437,306

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net OPEB obligations and supplemental employee retirement plans. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund. Bond anticipation notes are to be liquidated through a future general obligation bond issuance.

NOTE 11 – INTERNAL SERVICE ACTIVITY:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established an Internal Service Fund to account for and finance its risks of loss related to property and liability. Under this program, the Internal Service Fund provides coverage for up to a maximum of $10,000 for each general liability claim and $5,000 for each property damage claim. The District participates in a JPA to provide excess insurance coverage above the member retained limit for property and liability claims. Settled claims have not exceeded the coverage provided by the JPA in any of the past three fiscal years.

Funding of the Internal Service Fund is based on estimates of the amounts needed to pay prior and current year claims. Funding is provided by transfers from the General Fund. Claims paid within the member retained limit during 2011-12 totaled $46,860.

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

Effective July 1, 2003, the District participates in a JPA that provides first-dollar coverage for risk of loss related to workers' compensation. The District continues to pay for run-off claims related to years prior to July 1, 2003. Run-off claims payment activity is reported in the District's General Fund. Run-off claims paid during 2011-12 totaled $272,443.

NOTE 11 – INTERNAL SERVICE ACTIVITY: (continued)

Claims Liability

At June 30, 2012, the District accrued the worker's compensation claims liability for run-off claims in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of future liability is estimated at $719,530. Changes in the reported liability are shown below:

	Beginning Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Workers' Compensation	$719,530	$ 46,860	$ (46,860)	$ 719,530

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

NOTE 12 - EMPLOYEE RETIREMENT PLANS:

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

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

State Teachers' Retirement System (STRS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Public Employees' Retirement System (PERS)

Plan Description

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

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Funding Policy

Active plan members are required to contribute 7.0% of their salary for District employees and 8.0% of their salary for Auxiliary employees. The District and Auxiliary are required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 10.923% of annual payroll for the District and estimated 31.78% of annual payroll for the Auxiliary. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

	STRS		PERS		
Year Ended June 30,	Required Contribution	Percent Contributed	Required Contribution District	Required Contribution Auxiliary	Percent Contributed
2010	$3,550,955	100%	$3,026,949	$ 364,182	100%
2011	3,777,985	100%	3,113,728	162,849	100%
2012	3,324,729	100%	3,226,944	161,917	100%

Alternative Retirement System (ARS)

Plan Description

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

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Funding Policy

The District does not contribute any percentage based on the employee's gross earnings. An employee is required to contribute 7.5% of his or her gross earnings to the pension plan. Total contributions were made by the employees in the amount of $384,974 during the fiscal year. The total amount of covered compensation was $5,132,939. Contributions made by the employee vest immediately.

NOTE 13 – SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN:

The District has two Supplemental Employee Retirement Plans for faculty and management/confidential employees. The accumulated future liability for the District at June 30, 2012 is $385,650.

2006-07 Supplemental Employee Retirement Plan

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

A total of 21 faculty employees and 12 management/confidential are participating. The District will pay benefits of $571,388 annually through 2011-12, beginning August 2007 for a total liability of $2,888,138. The final payment was made during 2011-12.

2009-10 Supplemental Employee Retirement Plan

In 2009-10, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty employees, effective December 31, 2009.

Thirteen faculty employees are participating. The District will pay benefits of $192,825 annually through 2013-14 for a total liability of $964,125. The total remaining liability of $385,650 has been reflected in these financial statements.

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description

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

Option A:

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

Option B:

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

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

Membership of the plan consisted of the following at June 30, 2012:

Retirees and beneficiaries receiving benefits	272
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	775
Total	1,047

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. The District incurs 100 percent of the cost of current year premiums for eligible retired plan members and their spouses as applicable. For fiscal year 2011-12, the District contributed $2,136,550 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 3,116,486
Interest on net OPEB obligation	133,113
Adjustment to annual required contribution	(117,917)
Annual OPEB cost (expense)	3,131,682
Contributions made	(2,136,550)
Change in net OPEB obligation	995,132
Net OPEB obligation - beginning of year	2,662,269
Net OPEB obligation - end of year	$ 3,657,401

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation for the current fiscal year ended and previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	$ 3,461,252	62.5%	$ 1,417,438
6/30/2011	3,468,656	64.1%	2,662,269
6/30/2012	3,131,682	68.2%	3,657,401

Funding Status and Funding Progress

As of September 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $30,703,602 and the unfunded actuarial accrued liability (UAAL) was $29,457,133. The covered payroll (annual payroll of active employees covered by the plan) was $58,365,252, and the ratio of the UAAL to the covered payroll was 50.47%. The District has established an irrevocable trust to mitigate the unfunded liability required by GASB 45. For fiscal year 2011-12, the District made contributions of $73,420 to the Retiree Benefit Trust. The ending reserve balance in the Retiree Benefit Trust totaled $1,388,790 at June 30, 2012. Additionally, the District maintains a retiree benefits fund to designate resources for retiree health care costs. Assigned resources in the fund totaled $12,890,626 at June 30, 2012.

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

NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Funding Status and Funding Progress (continued)

The accompanying schedule of employer contributions, also presented as required supplementary information, presents trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Actuarial Methods and Assumptions

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

For the September 1, 2011 actuarial valuation, the most recent actuarial valuation performed, the entry age normal cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) which is a blended rate of the expected long-term investment returns on plan assets and on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using the asset values provided by the District and used a 15 year smoothing formula and a 20% corridor around market value. The initial UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012 was twenty-seven years. The remaining UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30 year amortization period.

NOTE 15 - JOINT VENTURES (JOINT POWERS AGREEMENTS):

The District participates in four joint Powers Agreements (JPA) entities: Protective Insurance Program for Schools (PIPS), School's Association for Excess Risk (SAFER), Statewide Educational Wrap-up Program (SEWUP), and the Statewide Association of Community Colleges (SWACC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

PIPS provides workers' compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

SAFER provides excess insurance coverage for liability losses from $1,000,000 to $25,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SEWUP is a consolidated construction insurance program covering the job-site risks of: District as Owner, Construction Manager, General Contractor, contractors and sub-contractors of all tiers. Membership is comprised of 400 California Schools and Community College Districts. Premiums are determined for each construction project or projects.

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

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

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

NOTE 15 - JOINT VENTURES (JOINT POWERS AGREEMENTS): (continued)

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

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

	PIPS 6/30/2012 (Unaudited)	SAFER 6/30/2012 (Unaudited)	SEWUP 6/30/2012 (Unaudited)	SWACC 6/30/2012 (Unaudited)
Total assets	$120,376,363	$ 10,462,248	$ 23,576,193	$ 48,874,611
Total liabilities	97,382,754	9,648,799	16,296,587	21,266,021
Net assets	$ 22,993,609	$ 813,449	$ 7,279,606	$ 27,608,590
Total revenues	$ 34,054,980	$ 9,585,343	$ 9,818,104	$ 10,916,311
Total expenditures	33,820,261	8,960,233	9,214,627	6,710,584
Change in net assets	$ 234,719	$ 625,110	$ 603,477	$ 4,205,727

NOTE 16 – FUNCTIONAL EXPENSES:

	Salaries	Employee Benefits	Supplies, Materials, Utilities Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional	$ 38,411,431	$ 11,738,157	$ 1,993,635	$	$	$ 52,143,223
Academic Support	8,275,990	2,716,197	703,561			11,695,748
Student Services	10,731,799	3,494,835	591,151			14,817,785
Operation & Maintenance of Plant	4,768,192	1,552,771	2,890,902			9,211,865
Institutional Support	11,038,039	3,598,318	6,322,416			20,958,773
Community Services and Economic Development	2,485,183	809,306	4,192,067			7,486,556
Ancillary Services and Auxiliary Operations	3,413,339	1,383,324	5,986,298			10,782,961
Student Aid				61,919,784		61,919,784
Other Outgo	60,661	2,088,621	7,231,414			9,380,696
Depreciation Expense					7,276,176	7,276,176
Total	$ 79,184,634	$ 27,381,529	$ 29,911,444	$ 61,919,784	$ 7,276,176	$ 205,673,567

NOTE 17 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Award and Grants

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

B. Purchase Commitments

As of June 30, 2012, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $39 million. Projects will be funded through bond anticipation notes proceeds and state funding for capital outlay projects.

C. Litigation

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

NOTE 18 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE:

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012 that have future effective dates. The selected pronouncements will most likely impact the District's financial reporting; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for fiscal year 2012-13 financial statements.

NOTE 18 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE: (continued)

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments*. This statement is effective for fiscal year 2012-13 financial statements.

Governmental Accounting Standards Board Statement No. 62

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This standard establishes accounting and financial reporting standards for state and local governments that report governmental activities, business-type activities and proprietary funds by incorporating applicable guidance from FASB and AICPA pronouncements to meet the needs of the governmental environment and the users of governmental financial statements. This statement, amended by the technical correction contained in GASB Statement No. 66, is effective for fiscal year 2012-13 financial statements.

Governmental Accounting Standards Board Statements No. 63 and No. 65

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for fiscal year 2012-13 financial statements and is further defined in GASB Statement No. 65.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This standard is designed to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflow of resources that were previously reported as assets and liabilities to ensure consistency in financial reporting. This statement is effective for fiscal year 2013-14 financial statements.

NOTE 18 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE: (continued)

Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB Issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* This standard is designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions provided by other entities. This statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* and GASB Statement No. 50, *Pension Disclosures.* This statement is effective for fiscal year 2014-15 financial statements.

NOTE 19 - SUBSEQUENT EVENT:

General Obligation Bonds

The District issued $41 million General Obligation Refunding Bonds, 2002 Election, Series A on August 15, 2012. The bonds were issued with interest rates of 3% to 5% and will fully mature on May 1, 2030. The bonds were sold to effect an advance refunding of the District's outstanding General Obligation Bonds, 2002 Election, Series B (2005).

In June 2012, the Board of Trustees authorized the sale of $275 million General Obligation Bonds, 2008 Election, Series B. Proceeds from the bonds will be used to refund the current Bond Anticipation Notes of $150 million and for construction and improvements of various capital facilities of the District. The District anticipates issuing the bonds in December 2012.

Tax and Revenue Anticipation Notes

In October, 2012, the Board of Trustees adopted a resolution to authorize the issuance of 2012-13 Tax and Revenue Anticipation Notes (TRANs) in an aggregate principal amount not to exceed $35,000,000.

Bookstore Operations

The Auxiliary has entered into a contract with an external vendor to operate and provide services for the campus stores at both the Liberal Arts Campus and the Pacific Coast Campus beginning July 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
For the Fiscal Year Ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/1/2007	$ 104,389	$ 19,923,941	$ 19,819,552	0.52%	$ 59,365,956	33.39%
9/1/2009	1,164,628	31,394,983	30,230,355	3.71%	62,401,719	48.44%
9/1/2011	1,246,469	30,703,602	29,457,133	4.06%	58,365,525	50.47%

Note: In May 2006, the District established an irrevocable trust for investment and disbursement of funds for the payment of its obligation to eligible employees. At June 30, 2012, the balance in the trust was $1,388,790 from District contributions net of trust activities. In addition, the District does maintain a retiree benefits fund to designate resources for retiree health care costs. At June 30, 2012, the fund's assigned balance was $12,890,626.

See the accompanying notes to the required supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2012

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	$ 3,460,567	62.5%
2011	3,460,567	64.3%
2012	3,116,486	68.6%

See the accompanying notes to the required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012

NOTE 1 - PURPOSE OF SCHEDULES:

A. Schedule of Postemployment Healthcare Benefits Funding Progress

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

B. Schedule of Employer Contributions

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

SUPPLEMENTARY INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION
June 30, 2012

Long Beach Community College District is a comprehensive California college located in the southern part of Los Angeles County covering an urban area of approximately 128 square miles, serving approximately 27,000 students at two distinct but highly inter-related campuses, the Liberal Arts Campus and the Pacific Coast Campus, and at numerous satellite locations. To serve its community, Long Beach Community College District offers a comprehensive set of education programs and support services in response to student and community needs and plays a key role in transfer preparation, workforce development, basic skills, associate degrees, economic development, and lifelong learning.

BOARD OF TRUSTEES

Members	Office	Term Expires
Mr. Roberto Uranga	President	April 2016
Mr. Jeffrey A. Kellogg	Vice President	April 2014
Mr. Douglas W. Otto	Member	April 2016
Dr. Thomas J. Clark	Member	April 2014
Mr. Mark J. Bowen	Member	April 2014
Mr. Jason Troia	Student Trustee	May 2013

ADMINISTRATION

Mr. Eloy O. Oakley	Superintendent – President
Ms. Lou Anne Bynum	Executive Vice President, College Advancement and Economic Development
Ms. Ann-Marie Gabel	Vice President, Administrative Services
Dr. Gaither Loewenstein	Vice President, Academic Affairs
Dr. Greg Peterson	Vice President, Student Support Services
Ms. Rose Del Gaudio	Vice President, Human Resources

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Federal Categorical Aid Programs:			
Student Financial Aid Cluster			
Department of Education			
Direct:			
Supplemental Educational Opportunities Grant (SEOG)	84.007	n/a	$ 558,543
Administrative Allowance - Campus Based Programs	84.000	n/a	57,124
Federal Work Study (FWS)	84.033	n/a	602,773
Administrative Allowance - Pell	84.063	n/a	77,820
Pell Grant	84.063	n/a	47,136,172
William D. Ford Direct Loan Program	84.268	n/a	11,006,070
Academic Competitiveness Grant (ACG)	84.375	n/a	187
Total Department of Education			59,438,689
Department of Health and Human Services			
Direct:			
Scholarship for Disadvantaged Nursing Students	93.925	n/a	118,610
Total Department of Health and Human Services			118,610
Total Student Financial Aid Cluster			59,557,299
TRIO Cluster			
Department of Education			
Direct:			
Student Support Services-Project Launch	84.042A	n/a	246,558
Student Support Services-Project Go	84.042A	n/a	235,552
Upward Bound	84.047A	n/a	474,922
Total TRIO Cluster			957,032
Department of Agriculture			
Direct:			
Child Nutrition Program	10.558	n/a	61,478
Department of Justice			
Direct:			
Earmarks	16.000	n/a	52,056
Department of Labor			
Pass-Through Program from Chancellor's Office of California Community Colleges:			
LVN Expansion	17.000	(1)	26,196
Pass-Through Program from San Bernardino Community College District:			
American Recovery and Reinvestment Act: Radio Frequency Identification (RFID)	17.275	(1)	262,033
Pass-Through Program from San Mateo County Community College District:			
Employment Service/Wagner-Peyser Funded Activities (Green Innovation Challenge)	17.207	(1)	256,404
Total Department of Labor			544,633

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Small Business Development Center			
Direct:			
Small Business Development Center (SBDC)	59.037	n/a	4,199,471
National Science Foundation			
Pass-Through from Monterey Peninsula College:			
Innovative Technology Experiences for Students and Teachers	47.000	(1)	12,804
Department of Veterans Affairs			
Direct:			
Post 9/11 Veteran Education Assistant - GI Bill Chapter 33	64.028	n/a	158,457
Department of Education			
Direct:			
Title V: Support and Knowledge Improves Latino Learning Success (SKILLS)	84.031S	n/a	115,918
Veteran's Education	84.065	n/a	11,656
Subtotal Direct Programs			127,574
Pass-Through Programs from the California Community College Chancellor's Office:			
Career Technical Education:			
Perkins Title I-C (Basic Grants to States)	84.048	(1)	1,021,745
Career Technical Education Transitions	84.048A	(1)	46,809
Pass-Through Program from Long Beach Unified School District:			
Gear Up	84.334A	(1)	11,100
Subtotal Department of Education Pass-Through Programs			1,079,654
Total Department of Education			1,207,228
Department of Health and Human Services			
Pass-Through Program from the California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	178,895
Pass-Through Program from the California Community College Chancellor's Office:			
Foster Care - Title IV - E	93.658	(1)	84,903
Total Department of Health and Human Services			263,798
Corporation for National and Community Service (CNCS)			
Direct:			
Americorps National Service Awards	94.006	n/a	105,496
Total Federal Grants			$ 67,119,752
Student Financial Aid Loan Programs:			
Loans Outstanding			
Long Beach Community College District had the following loan balance outstanding as of 6/30/12:			
Perkins Program	84.038	n/a	$ 1,975,794

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

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2012

Program Name	Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	Total	Program Expenditures
State Categorical Aid Programs:						
Basic Skills	$ 692,299	$	$ 214,101	$	$ 478,198	$ 478,198
Board of Governors Financial Assistant Program (BFAP)	991,050				991,050	991,050
CalWORKS	550,715				550,715	550,715
Childcare Taxbailout	51,519				51,519	51,519
Cooperative Agencies Resources for Education (CARE)	162,279			220	162,059	162,059
Disabled Student Program and Services (DSPS)	884,067				884,067	884,067
EOPS Textbook Augmentation	8,849				8,849	8,849
Equal Employment Opportunity	9,479				9,479	9,479
Extended Opportunities Program and Services (EOPS)	1,051,963			3,797	1,048,166	1,048,166
Matriculation - Credit	635,653				635,653	635,653
Matriculation - Non-Credit	115,001				115,001	115,001
Nursing Education	372,193				372,193	372,193
Part-Time Faculty Allocation	453,420				453,420	453,420
Staff Diversity	16,981		4,200		12,781	12,781
State Career Technology Education	400,000		217,617		182,383	182,383
Total State Programs	$ 6,395,468	$ -	$ 435,918	$ 4,017	$ 5,955,533	$ 5,955,533

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2012

	Annual - Factored FTES		
	Reported Data	**Audit Adjustments**	**Audited Data**
A. Summer Intersession (Summer 2010 only)			
1. Noncredit[1]	8.47		8.47
2. Credit	1,533.37		1,533.37
B. Summer Intersession (Summer 2011 - Prior to July 1, 2011)			
1. Noncredit[1]	-		-
2. Credit	-		-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	13,707.30	(25.80)	13,681.50
(b) Daily Census Contact Hours	2,368.11		2,368.11
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	201.39		201.39
(b) Credit	456.55	14.18	470.73
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	879.73		879.73
(b) Daily Census Contact Hours	550.94		550.94
(c) Noncredit Independent Study/Distance Education Courses	- N/A		N/A
D. Total FTES	19,705.86	(11.62)	19,694.24
Supplemental Information (subset of above information)			
E. In-Service Training Courses (FTES)	255.33		
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	196.43		
(b) Credit	1,160.53		
CCFS 320 Addendum			
CDCP Noncredit FTES	96.10		
Centers FTES			
Noncredit	124.00		
Credit	4,149.57		

[1] Including Career Development and College Preparation (CDCP) FTES
N/A - Workload Measure is not applicable

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FUND BALANCES
For the Fiscal Year Ended June 30, 2012

	Bond Construction Fund
June 30, 2012 Annual Financial and Budget Report (Form CCFS-311) Fund Balances	$ 66,848,952
Adjustments and reclassifications:	
Overstatement of expense	1,222,487
Net Adjustments and reclassifications	1,222,487
June 30, 2012 Audited Financial Statement Fund Balances	$ 68,071,439

The financial data for the activity of the Auxiliary is a component part of these financial statements that are not reported in the District's CCFS-311 series.

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

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2012

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 22,904,639	$	$ 22,904,639	$ 22,904,639	$	$ 22,904,639
Other	1300	11,030,214		11,030,214	11,030,214		11,030,214
Total Instructional Salaries		33,934,853		33,934,853	33,934,853		33,934,853
Non-Instructional Salaries							
Contract or Regular	1200			-	7,738,162		7,738,162
Other	1400			-	1,196,586		1,196,586
Total Non-Instructional Salaries		-		-	8,934,748		8,934,748
Total Academic Salaries		33,934,853	-	33,934,853	42,869,601	-	42,869,601
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100			-	20,321,761		20,321,761
Other	2300			-	745,331		745,331
Total Non-Instructional Salaries		-	-	-	21,067,092	-	21,067,092
Instructional Aides							
Regular Status	2200	2,764,899		2,764,899	2,764,899		2,764,899
Other	2400	597,976		597,976	597,976		597,976
Total Instructional Aides		3,362,875		3,362,875	3,362,875		3,362,875
Total Classified Salaries		3,362,875	-	3,362,875	24,429,967	-	24,429,967
Employee Benefits	3000	11,869,216		11,869,216	24,584,584		24,584,584
Supplies and Materials	4000			-	465,541		465,541
Other Operating Expenses	5000	340,559		340,559	8,803,693		8,803,693
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		49,507,503	-	49,507,503	101,153,386	-	101,153,386

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2012

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	**Reported Data**	**Audit Adjustments**	**Revised Data**	**Reported Data**	**Audit Adjustments**	**Revised Data**
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits and Retirement Incentives	5900	656,104		656,104	656,104		656,104
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-			-
Non-instructional Staff-Retirees' Benefits and Retirement Incentives	6740			-	442,657		442,657
Objects to Exclude							
Rents and Leases	5060			-	91,881		91,881
Lottery Expenditures							
Academic Salaries	1000			-			-
Classified Salaries	2000			-			-
Employee Benefits	3000			-			-
Supplies and Materials	4000			-			-
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Total Supplies and Materials							
Other Operating Expenses and Services	5000			-	2,566,278		2,566,278
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment	6400			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Total Equipment							
Total Capital Outlay							
Other Outgo	7000			-			-
Total Exclusions		656,104	-	656,104	3,756,920	-	3,756,920
Total for ECS 84362, 50% Law		$ 48,851,399	-	$ 48,851,399	$ 97,396,466	-	$ 97,396,466
Percent of CEE (Instructional Salary Cost / Total CEE)		50.16%	0%	50.16%	100%	0%	100%
50% of Current Expense of Education					$ 48,698,233	-	$ 48,698,233

See the accompanying notes to the supplementary information.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	(Budget) 2013 (3)		2012		2011		2010	
	Amount	%	Amount	%	Amount	%	Amount	%
COMBINED GENERAL FUND:								
Revenue								
Federal	$ 7,708,774	6.3	$ 8,108,230	6.6	$ 9,698,604	7.7	$ 9,037,366	7.0
State	88,171,925	72.3	88,177,551	71.5	99,616,594	79.0	92,971,989	71.5
County and Local	22,850,032	18.7	22,235,440	18.0	18,470,277	14.7	24,111,619	18.6
Other Financing Sources	1,336,342	1.1	1,126,264	0.9	2,571,392	2.0	2,663,185	2.0
Total Revenue	120,067,073	98.4	119,647,485	97.0	130,356,867	103.4	128,784,159	99.1
Expenditures								
Academic Salaries	46,145,165	37.8	45,520,468	36.9	46,355,002	36.7	48,671,110	37.5
Classified Salaries	28,759,118	23.6	31,199,190	25.3	30,821,437	24.5	33,132,046	25.5
Employee Benefits	25,914,465	21.3	27,449,369	22.3	27,639,367	21.9	27,500,874	21.2
Supplies and Materials	1,967,695	1.6	1,691,274	1.4	1,601,647	1.3	2,057,120	1.6
Other Operating Expenses and Services	14,466,566	11.9	13,977,121	11.3	14,085,391	11.2	12,193,956	9.4
Capital Outlay	1,684,466	1.4	1,281,982	1.0	1,244,647	1.0	2,026,796	1.6
Other Uses	2,972,719	2.4	2,133,960	1.8	4,273,401	3.4	4,369,256	3.2
Total Expenditures	121,910,194	100.0	123,253,364	100.0	126,020,892	100.0	129,951,158	100.0
Change in Fund Balance	$ (1,843,121)	(1.6)	$ (3,605,879)	(2.8)	$ 4,335,975	3.4	$ (1,166,999)	(0.9)
Ending Fund Balance	$ 15,722,845	12.9	$ 17,565,966	14.3	$ 21,171,845	16.8	$ 16,835,870	13.0
Available Reserve Balance (1)	$ 10,703,195	8.8	$ 11,971,274	9.7	$ 15,317,917	12.2	$ 10,356,204	8.0
Full-time Equivalent Students (2)	19,500		19,694		21,036		21,162	
Total Long-Term Debt	$ 217,278,733		$ 380,219,256		$ 394,162,055		$ 406,781,012	

IMPORTANT NOTES:

(1) The California Community College Chancellor's Office has provided guidelines that recommend a minimum prudent ending fund balance reserve of 5% of unrestricted expenditures. In addition, the District's Board policy requires a 5.5% unrestricted ending fund balance. As such, the reserve balance is the 5.5% Board Policy reserve and any other remaining unassigned amounts in the General Fund.

The Available Reserve Balance for 2012 includes the Board Mandated Reserve Balance of $5,243,240 which represents 5% of the Unrestricted General Fund expenditures of $104,864,808 as per the Board adopted temporary suspension of the policy reserve.

(2) Full-time equivalent students (FTES) represent credit and non-credit factored FTES and excludes FTES generated by non-residents.

(3) The 2013 budget is the original budget adopted by the Board of Trustees on September 11, 2012.

All percentages are of total expenditures.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	General Fund (Combined)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Federal Sources			
Higher Education Act	$ 1,001,927	$ 115,918	$ (886,009)
Temporary Assistance for Needy Families (TANF)	425,656	178,895	(246,761)
Veterans Education	304,547	170,113	(134,434)
Vocational and Technical Education Act	1,166,351	1,068,554	(97,797)
Other Federal Revenue	5,617,962	6,574,750	956,788
Revenue from State Sources			
General Apportionments	75,541,628	77,672,849	2,131,221
Categorical Apportionments	6,924,894	6,533,359	(391,535)
Other State Revenues	5,496,713	3,971,343	(1,525,370)
Revenue from Local Sources			
Property Taxes	12,128,075	11,999,084	(128,991)
Interest and Investment Income	524,715	442,466	(82,249)
Student Fees and Charges	7,110,817	6,124,159	(986,658)
Other Local Revenue	2,460,668	3,669,731	1,209,063
TOTAL REVENUES	118,703,953	118,521,221	(182,732)
EXPENDITURES			
Academic Salaries	47,432,485	45,520,468	1,912,017
Classified Salaries	32,293,555	31,199,190	1,094,365
Employee Benefits	28,529,701	27,449,369	1,080,332
Supplies and Materials	2,372,086	1,691,274	680,812
Other Operating Expenses & Services	16,609,144	13,977,121	2,632,023
Capital Outlay	1,643,811	1,281,982	361,829
TOTAL EXPENDITURES	128,880,782	121,119,404	7,761,378
Excess (deficiencies) of revenues over expenditures	(10,176,829)	(2,598,183)	7,578,646
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In	2,383,887	1,126,264	(1,257,623)
Interfund Transfers Out	(1,872,086)	(1,757,351)	114,735
Student Financial Aid	(516,300)	(376,609)	139,691
TOTAL OTHER FINANCING SOURCES (USES)	(4,499)	(1,007,696)	(1,003,197)
Excess (deficiencies) of revenues over expenditures and other sources (uses)	$ (10,181,328)	(3,605,879)	$ 6,575,449
Fund Balances, beginning of year		21,171,845	
Fund Balance, end of year		$ 17,565,966	

See the accompanying notes to the supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES:

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

The audit of the Long Beach Community College District for the year ended June 30, 2012 was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. This schedule is presented on the modified accrual basis of accounting.

Subrecipients

The District provided Federal awards to subrecipients as follows:

Federal Grantor/Pass-Through Grantor/Program	CFDA Number	Amount Provided to Subrecipients
Small Business Development Center		
Small Business Development Center (SBDC)	59.037	
- Economic Development Collaboration - Ventura		$ 350,147
- El Camino Community College District		213,862
- Pacific Coast Regional Small Business Development Corp.		230,426
- Califonia State University, Los Angeles		77,745
- Santa Clarita Community College District		339,000
- Santa Monica Community College District		263,881
		$ 1,475,061

B. Schedule of Workload Measures for State General Apportionment

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

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

This schedule reports any audit adjustments made to the fund balances of applicable funds as reported on the Annual Financial and Budget Report (Form CCFS-311).

NOTE 1 - PURPOSE OF SCHEDULES: (continued)

D. Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

E. Schedule of Financial Trends and Analysis

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

F. Schedule of Budgetary Comparison for the Combined General Fund

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

OTHER INDEPENDENT AUDITOR’S REPORTS

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

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

We have audited the basic financial statements of the Long Beach Community College District (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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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*

Compliance and Other Matters

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

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

Vicenti, Lloyd + Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

November 27, 2012

VICENTI ♦ LLOYD ♦ STUTZMAN LLP
BUSINESS CONSULTANTS AND CPAs

INDEPENDENT AUDITOR'S 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

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

Compliance

We have audited the compliance of the Long Beach Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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INDEPENDENT AUDITOR'S 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

Internal Control Over Compliance

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

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

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

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

Vicenti, Lloyd & Stutzman LLP

VICENTI, LLOYD & STUTZMAN LLP

November 27, 2012

VICENTI ♦ LLOYD ♦ STUTZMAN LLP
BUSINESS CONSULTANTS AND CPAs

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have audited the compliance of the Long Beach Community College District (the District) with the types of compliance requirements described in the *2011-12 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office for the year ended June 30, 2012. The District's State compliance requirements are identified below. Compliance with the State laws and regulations as identified below is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2011-12 Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following items:

- Whether the District's salaries of classroom instructors equal or exceed 50 percent of the District's current expense of education in accordance with Education Code Section 84362.

- Whether the District complied with all requirements necessary to claim FTES for instruction under instructional service agreements/contracts.

- Whether the District complied with the FTES calculating and reporting requirements for the Annual Attendance Report (CCFS-320).

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

- Whether the District acted to ensure that the residency of each student is properly classified and that only the attendance of California residents, specifically student-athletes, is claimed for apportionment purposes of credit classes.
- Whether the District claimed for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date.
- Whether the District complied with all requirements necessary to claim FTES for the attendance of concurrently enrolled K-12 pupils.
- Whether the Gann Limit Calculation was properly calculated and supported by adequate documentation.
- Whether the District expended CalWORKS and TANF funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKS students.
- Whether all District courses that qualify for State apportionment are open to enrollment by the general public unless specifically exempted by statute.
- Whether the District adopted policies or regulations regarding the authority of the District to require students to provide various types of instructional materials.
- Whether the District has advised students of the exemptions from payment of health fees and established a process to ensure that students may claim the exemptions.
- Whether the District expended Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resource for Education (CARE) funds to provide services specifically designed to supplement existing support programs and to help EOPS and CARE eligible students complete their educational goal.
- Whether the District expended Disabled Student Programs and Services (DSPS) funds on students with exceptional needs because of a verified disability to facilitate measureable progress towards their educational goals.
- Whether the District has documentation for the noncredit FTES and met specific required criteria.
- Whether the District lists To Be Arranged Hours (TBA) in the schedule of classes and describes them in the course outline and that student participation is carefully tracked to ensure apportionment is not claimed for TBA hours for students with documented zero hours as of the census point for a particular course.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

In our opinion, we found that, for the items tested, the Long Beach Community College District complied with the laws and regulations of the state programs referred to above in all material respects, except as described in the Schedule of Findings and Questioned Costs Related to State Awards section of this report.

The Long Beach Community College District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs Related to State Awards. We did not audit the District's responses and, accordingly, we express no opinion on them.

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

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

November 27, 2012

FINDINGS AND QUESTIONED COSTS

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2012

Financial Statements

Type of auditor's report issued:	*Unqualified*
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None reported
Type of auditor's report issued on compliance for major programs:	*Unqualified*
Any audit findings disclosed that are required to be Reported in accordance with Circular A-133, Section .510(a)	_____ Yes __X__ No

Identification of major programs tested:

CFDA Number(s)	Name of Federal Program or Cluster
84.000, 84.007, 84.033, 84.375 84.063, 84.268, and 93.925	Student Financial Aid Cluster
17.275	American Recovery and Reinvestment Act: Radio Frequency Identification (RFID)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	__X__ Yes _____ No

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS June 30, 2012

There were no findings and questioned costs related to basic financial statements for the fiscal year ended June 30, 2012.

LONG BEACH COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
June 30, 2012

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2012.

FINDING 12-01: SECTION 479 TO BE ARRANGED (TBA) HOURS

Original Finding: 11-01

Finding: The Contracted District Audit Manual (CDAM) defines TBA as "Some courses with regularly scheduled hours of instruction have – hours to be arranged (TBA) as part of the total contact hours for the course. The TBA portion of the course uses an alternate method for regularly scheduling a credit course for purposes of applying either the Weekly or Daily Census Attendance Accounting Procedures pursuant to CCR, Title 5, §58003.1(b) and (c), respectively."

Additionally, the CDAM requires that districts track TBA hour student participation carefully to ensure that apportionment for TBA hours are not claimed for students who have documented zero hours as of the census point for the particular course.

Out of a sample of 8, the audit of TBA courses identified:

	Description	Effect on Contact Hours
a)	1 weekly census procedure course, properly classified as TBA; however, 2 out of 19 students did not have at least 1 contact hour prior to census date and contact hours were claimed.	Contact hours should not have been claimed for the 2 students identified.
b)	2 weekly census procedure courses for which the TBA portion of the course started after the census date.	Courses should have been claimed as a positive attendance type.
c)	2 weekly census procedure courses for which the TBA portion of the courses were labs with no set hours.	Course should have been reported as a positive attendance type.
d)	3 weekly census procedure courses that were incorrectly identified as a TBA course because the date and time of the course was not determined at the time the course schedule was printed.	No effect on contact hours claimed.

FINDING 12-01: SECTION 479 TO BE ARRANGED (TBA) HOURS (continued)

FTES: 11.621

Recommendation: Review courses classified as requiring TBA hours and determine TBA hours that do not meet the definition of Weekly or Daily Census procedure courses. Report courses not meeting the definition of a daily or weekly census as positive attendance for apportionment purposes. Additionally, implement procedures to communicate adjustments to student contact hours for students who have zero hours as of census date for TBA hours.

District Response: The District concurs with the finding and proposes the following approach to achieving compliance:

1. Pursuant to LBCC Administrative Regulation 4016, prior to the commencement of the spring 2013 semester, the affected Deans and Department Heads will be provided an in-service that affords them the requisite training and preparation to ensure that each instructor shall keep a thorough attendance record of the students attending the (TBA) course, by name and social security number, tracking the amount of time and date of each student's attendance to the nearest tenth of an hour; and

2. The attendance record shall be used for apportionment purposes and shall be kept and submitted with the roll book to Admissions and Records at the conclusion of the class. (Administrative Regulation 4016.6(A) and (B)

3. Thereafter, at the start of each semester, lists of all TBA classes will be provided to the appropriate deans and department heads as a means of ensuring ongoing compliance.

FINDING 12-02: SECTION 475 DISABLED STUDENT PROGRAMS AND SERVICES (DSPS) STUDENT EDUCATION CONTRACT

Finding: In accordance with California Code of Regulations (CCR), Title 5 §56022, a Student Educational Contract (SEC), a plan to address specific needs of the student must be established upon initiation of DSPS services. The SEC is also to be reviewed and updated annually by a DSPS professional staff person to determine whether the student has made progress toward his/her stated goal(s). During our review of eligibility testing, we noted out of a sample of ten students:

- One student that did not have an SEC on file.
- Eight students with a SEC that did not have a DSPS professional staff evaluate and document the progress made towards the established goals.

Recommendation: Implement procedures to ensure SECs are completed prior to services being provided and updated annually.

District Response: Unfortunately, prior severe budgetary cuts reduced the number of staff members significantly. This has impacted the program's ability to adequately maintain and review student files.

A file maintenance project is currently underway wherein staff are reviewing files on both campuses to ensure there is proper documentation of the SEC in the file and to identify where adjustments need to be made with regard to annual SEC updates. Additionally, requests have been submitted to hire additional clerical staff support to further expedite the file maintenance project.

The previous interim director provided a number of draft form revisions and a draft revision of the new student intake process. LBCC DSPS does incorporate Ed Plans developed in other programs such as EOPS and the General Counseling Center within the current SEC process. The program will conduct a review of current business practices to identify any issues in the intake process, incorporate recommendations from the previous leadership, and ensure that all students meet with a counselor at least once per year for the sole purpose of reviewing and updating the SEC.

Original Finding No.	Finding	Recommendation	Current Status
11-1	STATE COMPLIANCE SECTION 479: TO BE ARRANGED (TBA) HOURS		
	For Daily Census procedure courses, TBA hours must be scheduled for the same number of hours on each scheduled day of the course or as a portion of the hours the course is regularly scheduled for each day it meets. Daily Census courses are those courses that are not coterminous with a primary term, but are scheduled regularly for at least 5 meetings (California Code of Regulations (CCR), Title 5, §58003.1(c)). If TBA hours are not scheduled as indicated above, the attendance for the entire course must be on the positive attendance basis (CCR, Title 5, §58003.1(d) and 58006). The testing of TBA courses identified 2 daily census procedure courses out of a sample of 10 weekly or daily census procedure courses for which the TBA portion of the course started after the census date. Although attendance records were provided and the students were properly served for those hours, apportionment was claimed as daily census procedure courses for the entire duration of the course instead of on the positive attendance basis.	Review courses classified as requiring TBA hours and determine TBA hours that do not meet the definition of Weekly or Daily Census procedure courses. These courses should be classified on a positive attendance basis.	Partially implemented. See current year finding 12-01.

CONTINUING DISCLOSURE INFORMATION

LONG BEACH COMMUNITY COLLEGE DISTRICT

CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
June 30, 2012

Assessed valuation for fiscal year 2011-12	$ 45,605,225,030	(2)
Secured tax levies for fiscal year 2011-12	$ 12,163,714	(1)
Secured tax delinquencies for fiscal year 2011-12	$ 1,279,539	(1)
Secured tax collections for fiscal year 2011-12	$ 10,884,175	(1)

2011-12 Largest Local Secured Taxpayers (2)

	Property Owner	Primary Land Use	2011-12 Assessed Valuation	% of Total
1.	Participants in Long Beach Unit	Industrial-Petroleum	$ 1,383,976,753	2.97%
2.	Total Terminals International LLC	Industrial-Terminal Operations	628,773,240	1.35
3.	The Boeing Company	Industrial	458,717,710	0.98
4.	Tidelands Oil Production Co.	Industrial-Petroleum	405,956,615	0.87
5.	International Trans Service Inc.	Industrial-Terminal Operations	346,146,954	0.74
6.	Pacific Maritime Services LLC	Industrial-Terminal Operations	297,800,000	0.64
7.	Macerich Lakewood LLC	Shopping Center	291,070,049	0.62
8.	SSAT Long Beach Ltd. LLC	Industrial-Terminal Operations	184,700,819	0.40
9.	Massachusetts Mutual Life Insurance	Shopping Center	154,159,146	0.33
10.	Legacy Partners II LB World Trade LLC	Office Building	153,840,000	0.33
11.	Kilroy Realty LP	Office Building	143,446,389	0.31
12.	2009 CUSA Community Owner LLC	Apartments	137,782,978	0.30
13.	Trizechahn Colony Square GP LLC	Office Building	114,929,619	0.25
14.	GRE Shoreline Square LP	Office Building	95,091,038	0.20
15.	Noble Utah Long Beach LLC	Hotel	91,417,729	0.20
16.	200 Oceangate LLC	Office Building	83,050,000	0.18
17.	Arco Terminal Services Corp.	Industrial-Terminal Operations	82,976,592	0.18
18.	Hyatt Long Beach	Hotel	73,136,824	0.16
19.	DDR Urban LP	Shopping Center	71,784,369	0.15
20.	SSA Terminals LLC	Industrial-Terminal Operations	65,800,000	0.14
			$5,264,556,824	11.30%

(1) Information obtained from the Los Angeles County Auditor-Controller's Office
(2) Information obtained from California Municipal Statistics, Inc.