

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

LOS ANGELES COUNTY

**REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2010**



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

June 30, 2010

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MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**AUDIT REPORT
June 30, 2010**

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

We have audited the accompanying basic financial statements of the Mt. San Antonio Community College District, as of and for the year ended June 30, 2010 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 Mt. San Antonio Community College District as of June 30, 2010, 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 15, 2010 on our consideration of the Mt. San Antonio 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 considered in assessing the results of our audit.

Board of Trustees
Mt. San Antonio Community College District

Accounting principles generally accepted in the United States of America require that the required supplementary information including the management's discussion and analysis and the schedules of healthcare benefits funding progress and 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 Mt. San Antonio Community College District financial statements as a whole. The supplementary section, and the continuing disclosure information is presented for purposes of additional analysis and is not a required part of the 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 financial statements of Mt. San Antonio Community College District. The supplementary section including the schedule of expenditures of federal awards, is the responsibility of management and was 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 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

November 15, 2010

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Mt. San Antonio Community College District (the "District") for the year ended June 30, 2010. This discussion is prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

Mt. San Antonio Community College District is a public Community College that offers a diversified program designed to develop qualities of general education essential for citizens in a democratic society. The mission of the District is to welcome all students and to support them in achieving their personal, educational, and career goals in an environment of academic excellence.

Mt. San Antonio Community College District has emerged as a leader in education not only in the San Gabriel Valley, but in the State of California. The District is the largest, single-campus community college district in the State. The District proudly celebrates over 63 years of educational excellence. The District will continue to offer access to quality programs and services as well as provide an environment for educational excellence throughout the 21st century.

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments," which established a new 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 applied new 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 the new standards under the Business Type Activity (BTA) model. Nearly all public Colleges and Universities nationwide have selected the BTA reporting model. As such, the District is reporting its financial statements according to these standards.

In June 2004, the Governmental Accounting Standard's Board (GASB) issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The Fiscal Accountability and Standards Committee of the California Community Colleges Chancellor's Office recommended that all California community colleges follow these new standards. GASB 45 establishes standards for governmental employers to measure and report their costs and obligations related to post-employment benefits other than pensions, or retiree health benefits. The term "post-employment benefits" refers to benefits earned during employment, but taken after employment has ended. As such, the District is reporting according to this standard.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Financial Highlights

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

Selected Highlights

- Prior to July 2009, the Los Angeles County Superintendent of Schools provided the District with fiscal, budgetary, and financial management services through a contractual agreement for many years. On August 27, 2008, the Board of Trustees approved the District's application to the Los Angeles County Superintendent of Schools requesting Fiscal Accountability Status. The District began this process by following the steps as defined in Education Code 85266, which required adhering to statutory requirements with specific deadlines. Part of this approval process was to demonstrate to the Los Angeles County Superintendent of Schools that the District had a financial management system in place, as it would no longer be using the County's Finance and Payroll Systems. The integrity and security of the new Banner Finance and Human Resources/Payroll systems were validated by a team of external auditors prior to obtaining Fiscal Accountability status. In addition, the auditors also validated that the District had a system of adequate internal controls, processes and procedures.

Effective July 1, 2009 the District obtained Fiscal Accountability Status as approved by the Los Angeles County Superintendent of Schools. Achieving the Fiscal Accountability Status was necessary, because it allowed the District to implement an integrated management information system without the need for extensive interfaces with the County's systems. This transition has given departments the ability to obtain accurate and timely information that is required to monitor budgets and analyze current financial data in order to ensure sound financial decision making.

As a result of the Fiscal Accountability Status, the District assumed the majority of the responsibilities previously performed by the Los Angeles County Superintendent of Schools for fiscal, budget, human resources/payroll, and financial management systems processing. In addition, the District assumed oversight for the internal audit function for the issuance of payroll and commercial warrants. The Los Angeles County Superintendent of Schools still retains high-level oversight of the District, but is no longer involved in the day-to-day activities. Their new role is to ensure that the District complies with the approved Fiscal Accountability Plan.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

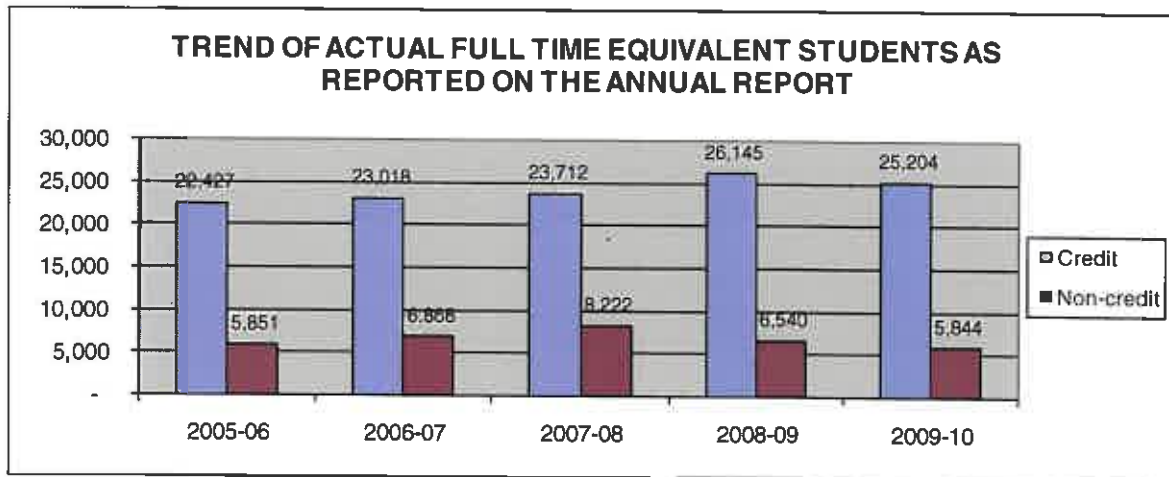
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

This transfer of responsibilities from the Los Angeles County Superintendent of Schools to the District was an enormous undertaking. The time and effort required to obtain Fiscal Accountability Status was achieved by hard work, collaboration, and dedication by the District's staff.

The District has completed its first year under the Fiscal Accountability Status, and has successfully complied with the new requirements.

- During 2009-10, the total actual full-time equivalent students (FTES) decreased from 32,685 to 31,048, which is a 5.0% decrease for credit and non-credit courses. Funded credit and non-credit FTES are the basis for which the District receives State apportionment. The decrease was as a result of the 3.3% community college system-wide workload reduction, and planned reductions of course offerings to reduce costs due to the statewide budget crisis.



- On November 6, 2001, the voters of the District approved a \$221 million dollar bond with \$40 million issued in May 2002, \$75 million issued in February 2004, \$80 million issued in September 2006, and \$26 million issued in July 2008. Originally, there were 17 construction projects planned, but due to the increase in construction costs, three of these projects were eliminated; which left 14 major projects to be undertaken that will provide better facilities for the students, faculty and the community. Ground breaking began, for some of the projects, during 2001-02 and will continue through 2011 for the Agricultural Sciences (Project 5) and the Design Technology (Project 10) buildings. The project close-out for all bond projects is scheduled for 2012.
- On August 24, 2005, the Board of Trustees approved the refunding of the Series "A" and "B" general obligation bonds, which resulted in additional bond proceeds in the amount of \$8.6 million.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

- During 2009-10, construction was completed for the following Measure R bond projects:
 - Natural Sciences renovation building 7 (Project 7)
 - Chemistry renovation building 11 (Project 7)
 - English and Math renovation building 26A (Project 7)
 - Lecture Hall and Planetarium renovation buildings 26 B & C (Project 7)
 - English and Math renovation building 26D (Project 7)
 - Student Services renovation building 9B (Project 13)
 - Renovation building 23, Phase II (Project 17h)
 - Math and Science building 61 (Project 17i)
- On November 4, 2008, the voters approved general obligation bonds for a total of \$353 million. These bonds will finance the repair, upgrade and acquisition of equipment and instructional facilities for the science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The District has not been able to issue new bonds as a result of the decline in the economy, which resulted in decreased property valuations.
- As a result of the District's inability to issue general obligation bonds from the November 4, 2008 election for \$353 million, and in order to continue with construction projects, the District issued bond anticipation notes for a total of \$65 million on May 1, 2010. These bonds will finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities and establish a 2008 lease revenue bond escrow account. When assessed values improve, the District will sell the general obligation bonds authorized in the November 2008 election and retire this obligation.
- The District ended with a significant positive ending balance due exclusively to careful planning, conserving, and sacrificing across the campus. The District will continue with its conservative approach to maintain healthy reserves. These healthy reserves will permit the continuation of many outstanding programs and services for which the District is known, while allowing for careful consideration for the 2011-12 budget plans and beyond.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Financial Statement Presentation and Basis of Accounting

The District's financial report includes three 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 Standard Board Statements No. 34 and 35 which provides an entity wide perspective. Therefore, the financial data presented in these financial statements is a combined total of all District funds including Student Financial Aid Programs.

Also, in accordance with Governmental Accounting Standards Board Statements No. 34 and 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned and expenses are recorded when an obligation has been incurred. A reconciliation between the fund balances reported on the June 30, 2010 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	\$	30,270,416
Restricted Fund Balance		796,616
Building Fund Balance		15,579,251
Capital Outlay Funds Balance		65,380,471
All Other Funds		<u>1,605,697</u>
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)		113,632,451
Bond Interest and Redemption Fund Balance (not reported on CCFS-311)		<u>12,521,455</u>
Total ending fund balances	\$	<u><u>126,153,906</u></u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Total ending fund balances \$ 126,153,906

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Interest earned but not accrued through June 30, 2010 is added to total net assets 322,308

Amount for 2009-10 property taxes levied for debt service not received as of June 30, 2010 1,978,377

Inventory purchased but not used at June 30, 2010 is added to total net assets 10,400

Employer contributions for other postemployment retirement benefits in excess of the actuarially determined required contribution are recognized as an asset 86,172

Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets 291,410,796

Long-term liabilities, including general obligation and revenue lease bonds and notes payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities are added to the statement of net assets which reduces the total net assets reported (256,385,270)

Issuance costs related to general obligation and revenue lease bonds and incurred through June 30, 2010 are capitalized, amortized and added to total net assets 3,005,021

Interest expense related to bonds incurred through June 30, 2010 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 (2,690,226)

Total net assets \$ 163,891,484

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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 and is prepared using the 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 of time financial statement. The purpose of this statement is to present to the readers a fiscal snapshot of the District. 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 as 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.

The Net Assets are divided into three major categories. The first category, invested in capital assets, provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net assets; these net assets are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets that are available to the District for any lawful purpose of the District.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

A summarized comparison of the Statement of Net Assets is presented below:

	(in thousands)		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 99,290	\$ 67,355	47.41%
Account receivables, net	34,259	30,990	10.55%
Due from component unit	39	365	-89.32%
Inventory	10	18	-44.44%
Prepaid expenses and deposits	<u>304</u>	<u>283</u>	7.42%
Total Current Assets	<u>133,902</u>	<u>99,011</u>	35.24%
Non-Current Assets			
Restricted cash and cash equivalents	13,967	15,750	-11.32%
Capitalized fees	3,005	2,468	21.76%
Other post employment benefits asset	86		100.00%
Capital assets, net	<u>291,412</u>	<u>272,338</u>	7.00%
Total Non-Current Assets	<u>308,470</u>	<u>290,556</u>	6.17%
TOTAL ASSETS	<u>\$ 442,372</u>	<u>\$ 389,567</u>	13.55%
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 12,058	\$ 16,084	-25.03%
Deferred revenue	3,320	6,416	-48.25%
Due to component unit	27	90	-70.00%
Amount held in trust for others	13	12	8.33%
Long-term liabilities - current portion	<u>10,421</u>	<u>11,130</u>	-6.37%
Total Current Liabilities	<u>25,839</u>	<u>33,732</u>	-23.40%
Non-Current Liabilities			
Compensated absences	6,024	5,323	13.17%
Other postemployment benefits obligation		371	-100.00%
Long-term liabilities less current portion	<u>246,618</u>	<u>199,144</u>	23.84%
Total Non-Current Liabilities	<u>252,642</u>	<u>204,838</u>	23.34%
TOTAL LIABILITIES	<u>278,481</u>	<u>238,570</u>	16.73%
NET ASSETS			
Invested in capital assets, net of related debt	50,605	93,387	-45.81%
Restricted	79,413	28,008	183.54%
Unrestricted	<u>33,873</u>	<u>29,602</u>	14.43%
TOTAL NET ASSETS	<u>163,891</u>	<u>150,997</u>	8.54%
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 442,372</u>	<u>\$ 389,567</u>	13.55%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

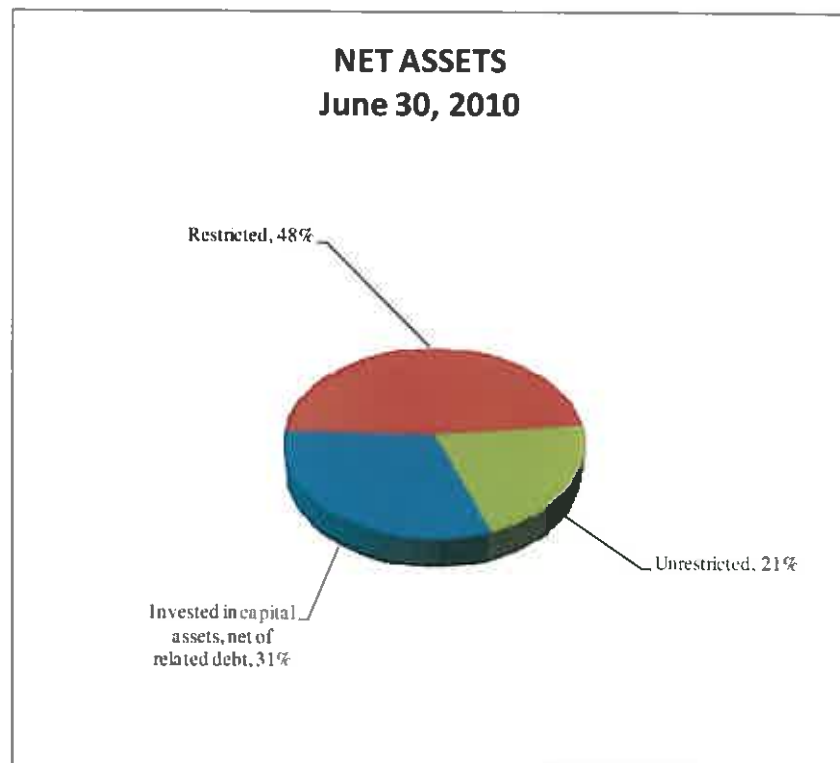
- The total cash balance had a net increase of \$30.2 million primarily due to the issuance of the \$66.1 million bond anticipation notes in May 2010. The net effect of this transaction resulted in a cash increase of \$55.3 million. A portion of the proceeds of these bonds were used to establish a 2008 revenue lease bond escrow account and payments for construction projects. Additional items contributing to the increase are: a cash decrease of \$5.0 million in the General Fund as a result of the additional statewide apportionment deferrals; a cash decrease of \$2.5 million for payments to contractors for the Administration remodel, Agricultural Sciences, and Design and Online Technology buildings, which will be reimbursed by the State in the fiscal year 2010-11; a cash decrease of \$15.6 million for payments related to the general obligation bond projects; a cash decrease of \$2.7 million for payments related to the revenue lease bond projects; and a cash increase of \$0.7 million for the collection of property taxes in the Bond Interest Redemption Fund for principal and interest payments related to the general obligation bond debt. The cash flow statement included in these financial statements provides greater detail on the sources and uses of the District's cash.
- The total accounts receivables had an increase of \$3.2 million. Due to the increase of statewide apportionment deferrals from \$540 million to \$703 million, accounts receivables increased by \$1.6 million in the General Fund. In addition, accounts receivables increased in the Capital Outlay Project Fund by \$1.6 million, as a result of State reimbursements received the following fiscal year for the Administration remodel, Agricultural Sciences, and Design and Online Technology buildings.
- Capital assets had a net increase of \$19.1 million. The District had additions of \$29.3 million related to equipment purchases, site and site improvement, and construction in progress. The District removed approximately \$188 thousand in net cost and accumulated depreciation in assets no longer in service and recognized depreciation expense of \$10.0 million during 2009-10. The capital asset section of this discussion and analysis provides greater information.
- The accounts payable and accrued liabilities had a net decrease of \$4.0 million attributed to the following transactions: a decrease in expenditures of \$0.7 million in the General Fund due to planned expenditure reductions; an increase of \$0.5 million in the Capital Outlay Project Fund for payment obligations for the Administration remodel, Agricultural Sciences, and Design and Online Technology buildings; and a decrease of \$3.8 million in accrued liabilities for the transfer of \$3.2 million to the Mt. San Antonio Community College District Other Postemployment Benefit (OPEB) Trust in June 2010, and a \$0.6 million reduction of salaries and benefits payable due to decreased expenditures, as a result of a hiring freeze and a mandatory reduction of the use of short-term hourly staff and overtime.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

- The District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions" in fiscal year 2007-08 and GASB Statement No. 43, "Financial Reporting for Post-employment Benefits Plans Other than Pension Plans" in fiscal year 2008-09. With the implementation of GASB Statement No. 43, the District established the Mt. San Antonio Community College District OPEB Trust. Factors such as annual required contribution (ARC), interest income and contributions effect the change in net OPEB obligation. Additional information related to this asset/liability can be found in Note 13 of the financial statements.
- The net increase of \$46.7 million in our long term liabilities (current and non-current portions) is due to the issuance of the bond anticipation notes for \$66.1 million; the establishment of a 2008 lease revenue bonds escrow account for \$10.3 million; and net payments by taxpayers of the November 2001 general obligation bonds for \$8.4 million. The debt section of this discussion and analysis provides additional information.
- The following is a graphic representation of the Net Assets as of June 30, 2010:



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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 goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to fulfill the mission of the District. Non-operating revenues are those received or pledged for which goods and services are not provided; for example, State appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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

	(in thousands)		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
OPERATING REVENUES			
Net enrollment, tuition and fees	\$ 15,832	\$ 15,492	2.19%
Grants and contracts, non-capital	<u>47,254</u>	<u>40,952</u>	15.39%
Total operating revenues	<u>63,086</u>	<u>56,444</u>	11.77%
Total operating expenses	<u>199,129</u>	<u>202,951</u>	-1.88%
Operating loss	<u>(136,043)</u>	<u>(146,507)</u>	-7.14%
Non-Operating revenues (expenses), non-capital			
State apportionments, non-capital	106,739	112,694	-5.28%
Local property taxes	17,562	17,096	2.73%
State taxes and other revenues (losses)	4,692	4,693	-0.02%
Investment income, net	709	1,373	-48.36%
Interest expense	(9,605)	(8,971)	7.07%
Transfers out to fiduciary funds	<u> </u>	<u>(10)</u>	100.00%
Total non-operating revenues (expenses)	<u>120,097</u>	<u>126,875</u>	-5.34%
Other revenues, expenses, gains or losses, capital	<u>28,840</u>	<u>25,199</u>	14.45%
Change in net assets	12,894	5,567	131.61%
Net assets, beginning of year	<u>150,997</u>	<u>145,430</u>	3.83%
Net assets, end of year	<u>\$ 163,891</u>	<u>\$ 150,997</u>	8.54%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

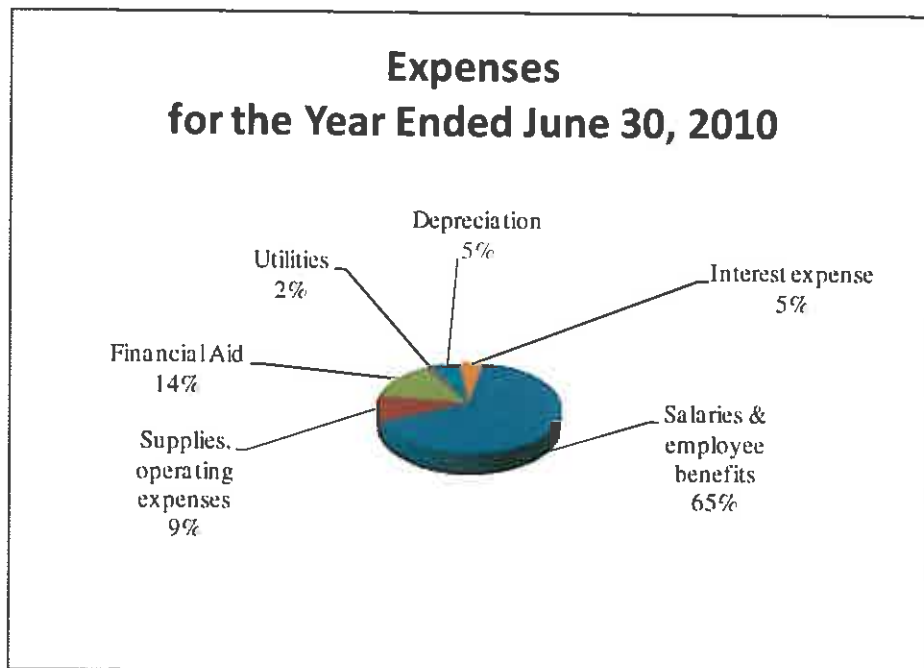
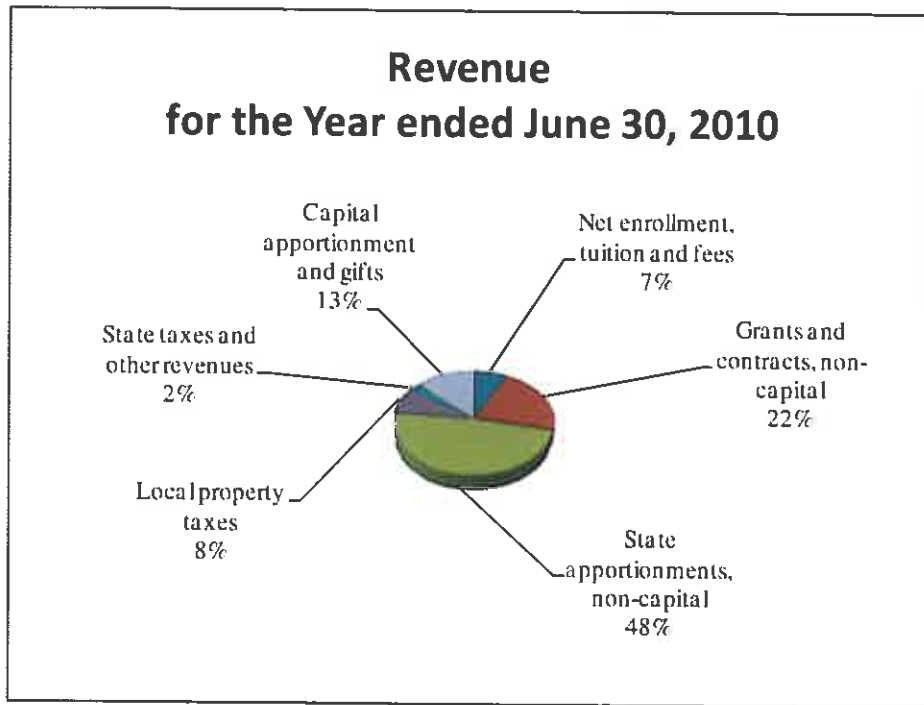
June 30, 2010

- Net enrollment, tuition and fees increased by approximately 2.2%. This increase is attributed to the rate increase in the non-resident tuition.
- Non-capital grants and contracts had a net increase of 15.4% as a result of the increase of federal financial aid awarded to students, such as Pell grants. This increase is a direct result of the current economy as unemployed workers are returning to school along with the increased in outreach efforts made by the District, and a change in the federal methodology to calculate the maximum aid. Categorical programs such as, CalWorks, CARE, Child Care Tax Bailout, Disabled Student Program Services (DSPS), Economic Development Grants, Extended Opportunity Program and Services (EOPS), and Credit and Noncredit Matriculation decreased due to severe budget reductions.
- The net decrease in operating expenses of 1.9% was directly related to the planned reductions for salaries, benefits, and operating expenses; along with the increase of financial aid grants for students. Also, as new buildings are completed, depreciation expense is recognized.
- The District receives its apportionment revenue from the following three sources: State apportionment, property taxes and enrollment fees. Since 2004-05, local property taxes have continued to be diverted from the Community Colleges to cities and counties; therefore we receive more State apportionment in our funding formula than in years prior to 2004-05. The decrease is due to the difference between the 2008-09 one-time apportionment adjustment and the 2009-10 workload reduction.
- The interest expense increased by \$0.6 million primarily due to the establishment of the 2008 revenue lease bonds escrow account. The associated capitalized fees and interest expense were recognized in the fiscal year 2009-10.
- The investment income decreased by \$0.7 million as a result of the decrease in the cash balance in the general unrestricted fund and the low interest rate earnings.
- The category "other revenues, (expenses), gains or (losses), capital" reflects a net increase of \$3.6 million. This is due to an increase in reimbursements from the State for a total of \$3.7 million for the Agricultural Science, Administration remodel, and the Design and Online Technology buildings. In addition, the secured property tax associated with the general obligation bonds repayment increased by \$1.7 million. This will vary every year, based on assessed valuations and tax collections. The donated capital assets decreased by \$1.4 million from the fiscal years 2008-09 to 2009-10, primarily due to a large donation of an airplane that was recognized in the 2008-09 fiscal year.
- Functional expenses are detailed in Note 15 of the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010



MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Statement of Cash Flows

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

The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the District. The second part details cash received for non-operating, non-investing and non-capital financing purposes. The third part shows cash flows from capital and related financing activities, disclosing the cash used for the acquisition and construction of capital and related items. The fourth part provides information from investing activities and the amount of interest received. The last section reconciles the net cash used by operating activities to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

	(in thousands)		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Cash Provided By (Used in)			
Operating activities	\$ (130,172)	\$ (136,937)	-4.94%
Non-capital financing activities	125,429	123,668	1.42%
Capital and related financing activities	34,123	(10,492)	-425.23%
Investing activities	<u>772</u>	<u>1,639</u>	-52.90%
Net change in cash and cash equivalents	30,152	(22,122)	-236.30%
Cash Balance, Beginning of Year	<u>83,105</u>	<u>105,227</u>	-21.02%
Cash Balance, End of Year	<u>\$ 113,257</u>	<u>\$ 83,105</u>	36.28%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

- Cash receipts from “operating activities” are from student enrollment, tuition and other fees and from Federal, State and local grants. Uses of cash are payments to employees, vendors and students related to the instructional programs. The net decrease in cash used by operating activities is due to savings as a result of a hiring freeze and planned expenditure reductions.
- Cash received from “non-capital financing activities” increased primarily due to the continuous increases in statewide apportionment deferrals. The deferrals were \$540 million for fiscal year 2008-09 and \$703 million for fiscal year 2009-10, as a result of this, the cash collected in this category was greater in fiscal year 2009-10 than in fiscal year 2008-09. The District received an increase in property taxes over what was originally estimated; therefore, a payable for the State apportionment was recognized. This area accounts for 82% of non-capital financing activities. Cash received from property taxes also increased and accounts for 14% of the cash generated in this section. The remaining 4% under this section is for Grants and Gifts Other Than Capital Purposes.
- The cash from “capital and related financing activities” had a net increase of \$44.6 million. This increase was primarily due to the proceeds received from the issuance of the bond anticipation notes in May 2010 for \$66.1 million. In contrast, cash disbursements for \$28.8 million went toward the payment of principal and interest of the November 2001 general obligation bond debt and the establishment of a 2008 revenue lease bonds escrow account. The debt service schedules for principal and interest are shown in Note 8 – General Obligation Bonds and Note 9 – Bond Anticipation Notes of the financial statements.
- Cash provided by “investing activities” includes interest earned on bank accounts and cash invested through the Los Angeles County pool. This revenue primarily consists of interest earned in the General Fund. The decrease in interest received in 2009-10 versus 2008-09 was \$0.9 million, which was attributed to the decrease in cash primarily in the General Fund as well as the decrease in interest rates.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

District's Fiduciary Responsibility

The District includes Mt. San Antonio Auxiliary Services as a component unit. The Auxiliary is the trustee, or fiduciary, for certain amounts held on behalf of student clubs and organizations. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets, and Changes in Fiduciary Net Assets and are excluded from the other financial statements because their assets cannot be used to finance operations. The Auxiliary is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Separate financial statements for the Auxiliary can be obtained through the District.

The Mt. San Antonio Community College District OPEB Trust was established in 2008-09. The Trust is an irrevocable government trust for the purpose of funding post-employment health benefits. The District acts as the fiduciary of the Trust and the financial activity of the Trust has been discretely presented in the financial statements.

The District has the responsibility of accounting for the Student Loans and Scholarships. These fiduciary activities are reported in separate Statements of Fiduciary Net Assets, and Changes in Fiduciary Net Assets in the Primary Government column.

The District has the responsibility of accounting for the Associated Student Trust. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets under the Primary Government column.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2010, the District had over \$291.4 million invested in net capital assets. Total cost of capital assets of \$359.8 million consist of land, buildings and building improvements, construction in progress, vehicles, data processing equipment and other office equipment; these assets have accumulated depreciation of \$68.4 million. Significant capital asset additions and deletions of \$27.7, million which is mainly a net decrease in construction in progress totaling \$64.6 million, a net increase in equipment totaling \$1.3 million and a net increase in site improvements totaling \$91.0 million, occurred during 2009-10. Depreciation expense of \$10.0 million was recorded for the fiscal year, as were net retirements of \$188 thousand.

During 2009-10, construction was completed for the following projects: Natural Sciences renovation building 7 (Project 7), Chemistry renovation building 11 (Project 7), English and Math renovation building 26A (Project 7), Lecture Hall and Planetarium renovation buildings 26 B & C (Project 7), English and Math renovation building 26D (Project 7), Student Services renovation building 9B (Project 13), renovation building 23, Phase II (Project 17h), and Math and Science building 61 (Project 17i).

Construction in progress during 2009-10 includes the following projects:

Science building 60, Greenhouse Unit and Animal Care Unit (Agricultural-Phase 2); Child Development Center building 70; Design Technology Center; Physical Education building 46; Physical Education remodel building 45; and Administration remodel building.

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)		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Land	\$ 619	\$ 619	0.00%
Buildings and improvements	236,115	150,487	56.90%
Equipment	6,259	8,180	-23.48%
Construction in progress	<u>48,419</u>	<u>113,052</u>	-57.17%
Net Capital Assets	<u>\$ 291,412</u>	<u>\$ 272,338</u>	7.00%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Debt

On June 30, 2010, the District had \$263.1 million in debt. The balance primarily consists of the remaining debt of \$2.3 million in Series "A" general obligation bonds issued in May 2002, \$9.9 million in Series "B" general obligation bonds issued in February 2004, \$65.3 million general obligation refunding bonds issued September 2005, \$75.9 million in Series "C" general obligation bonds issued in September 2006, and \$25.4 million in Series "D" general obligation bonds issued in July 2008. The general obligation bonds were initially issued to fund 17 major projects related to construction and renovation of instructional facilities, laboratories and centers. As a result of increased construction costs, three of these projects have been eliminated; which left 14 major projects. These projects will be completed in phases which began in 2001-02 and are scheduled to end in 2012. The general obligation bonds comprise approximately 72% of the District's total long-term debt. Debt payments on the bond will be funded through property tax receipts collected over the term of the bonds. The District's bond rating of Triple A has not changed from the prior year.

On November 4, 2008, the voters approved general obligation bonds for a total of \$353 million. These bonds will finance the repair, upgrade and acquisition of equipment and instructional facilities for science and computer labs, library, fire academy training facility, classrooms for nursing, paramedics, and police officers, classrooms for education and vocational job training, a new computer technology center, and the establishment of a 2008 lease revenue bonds escrow account. The District has not been able to issue new bonds as a result of the decline in the economy, which resulted in decreased property valuations.

On May 1, 2010, the District issued bond anticipation notes for a total of \$66.1 million. These bonds will finance the repair, upgrade, acquisition, construction and equipment of certain District property and facilities; and establish a 2008 lease revenue bonds escrow account. These bonds are issued in anticipation of proceeds from general obligation bonds for \$353 million authorized in the election of November 4, 2008.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Notes 7 through 11 to the financial statements provide additional information on long-term liabilities. A comparison of long-term debt is summarized below:

	(in thousands)		
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Long-term debt			
Loan payable	\$ 422	\$ 525	-19.62%
Compensated absences	6,678	6,548	1.99%
Other postemployment benefits obligation		371	-100.00%
Lease revenue bonds (including premium)		10,244	-100.00%
Bond anticipation notes (including premium)	66,067		100.00%
Bonds payable (including premium)	189,743	200,171	-5.21%
Bonds - accreted interest	5,107	3,681	38.74%
Bonds payable - deferred liability	<u>(4,954)</u>	<u>(5,573)</u>	-11.11%
Total long-term debt	263,063	215,967	21.81%
Less current portion	<u>(10,421)</u>	<u>(11,129)</u>	-6.36%
Long-term portion	<u>\$ 252,642</u>	<u>\$ 204,838</u>	23.34%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

Economic Factors that May Affect the Future

As of June 30, 2010, the District's overall financial position is strong due to prior year's prudent fiscal management, which resulted in healthy reserves. Even with the financial challenges of the previous fiscal years, the District was able to increase total net assets by \$12.9 million.

The economic position of the District is closely tied to that of the State of California. As the economy declines, historically, community colleges tend to experience an increase in enrollment. Community colleges are experiencing an increase in growth due to the economic situation throughout the State.

On November 2010, the Legislative Analyst's Office (LAO) released a projection for a two-year budget shortfall of \$25.4 billion. There is a possibility that this shortfall will result in 2010-11 mid-year reductions as well as budget reductions for the fiscal year 2011-12.

Subsequent Events

The district ended the fiscal year 2009-10 with healthy reserves as result of planned expenditure reductions and a hiring freeze. The ending balance will allow the District to partially backfill reductions to categorical programs and maintain Board-mandated reserves for the fiscal year 2010-11. In 2011-12, the District will need to address the issue of lack of ongoing funding for categorical programs that are currently being funded with one-time funds.

BASIC FINANCIAL STATEMENTS

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government	Component Unit Auxiliary Services
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 99,290,103	\$ 1,667,571
Accounts receivable, net	34,258,674	266,992
Due from Auxiliary Services	39,285	
Due from the District		11,420
Inventories	10,400	1,837,467
Prepaid expenses and deposits	304,248	19,090
Total Current Assets	133,902,710	3,802,540
Non-Current Assets:		
Restricted cash and cash equivalents	13,967,407	
Notes receivable		56,052
Capitalized fees	3,005,021	
Other postemployment benefits other than pensions (OPEB) asset	86,172	
Capital assets, net of accumulated depreciation	291,410,796	694,120
Total Non-Current Assets	308,469,396	750,172
TOTAL ASSETS	\$ 442,372,106	\$ 4,552,712
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 8,099,279	\$ 208,502
Accrued liabilities	1,268,093	154,604
Accrued interest payable	2,690,226	
Deferred revenue	3,319,536	2,329
Due to Auxiliary Services	26,590	
Due to the District		36,469
Amount held in trust for others	13,476	23,153
Compensated absences - current portion	654,222	152,506
Loans payable - current portion	105,693	
General obligation bonds payable - current portion	9,661,159	
Total Current Liabilities	25,838,274	577,563
Non-Current Liabilities:		
Compensated absences	6,023,930	
Other postemployment benefits other than pensions (OPEB)		201,384
Loans payable	316,850	
Bond anticipation note payable	66,066,789	
General obligation bonds payable, net	180,234,779	
Total Non-Current Liabilities	252,642,348	201,384
TOTAL LIABILITIES	278,480,622	778,947
NET ASSETS		
Invested in capital assets, net of related debt	50,604,777	694,120
Restricted for:		
Scholarships and loans	2,827	
Capital projects	65,380,472	
Debt service	13,233,304	
Other special services	796,616	
Unrestricted	33,873,488	3,079,645
TOTAL NET ASSETS	163,891,484	3,773,765
TOTAL LIABILITIES AND NET ASSETS	\$ 442,372,106	\$ 4,552,712

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2010

	Primary Government	Component Unit Auxiliary Services
OPERATING REVENUES		
Enrollment, tuition and other fees (gross)	\$ 24,003,539	\$
Less: Scholarship discounts and allowances	(8,171,412)	
Net enrollment, tuition and other fees	15,832,127	-
Grants and contracts, non-capital:		
Federal	33,232,417	
State	11,917,741	
Local	2,104,232	
Auxiliary enterprise sales and charges, net		3,550,305
TOTAL OPERATING REVENUES	63,086,517	3,550,305
OPERATING EXPENSES		
Salaries	108,919,293	1,927,773
Employee benefits	27,729,059	701,158
Supplies, materials and other operating expenses and services	19,204,780	844,528
Financial aid	29,638,397	
Utilities	3,628,191	
Depreciation	10,009,272	144,952
TOTAL OPERATING EXPENSES	199,128,992	3,618,411
OPERATING LOSS	(136,042,475)	(68,106)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, non-capital	106,739,503	
Local property taxes	17,561,859	
State taxes and other revenues	4,692,305	
Investment income, net	709,095	29,820
Interest expense	(9,605,315)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	120,097,447	29,820
LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS OR (LOSSES)	(15,945,028)	(38,286)
OTHER REVENUES, EXPENSES, GAINS OR (LOSSES)		
State apportionments, capital	10,178,649	
Local property taxes and revenues, capital	18,160,306	
Investment income, capital	669,339	
Transfers from Associated Student Trust	5,000	
Loss on disposal of fixed assets	(173,738)	
TOTAL OTHER REVENUES, EXPENSES, GAINS OR (LOSSES)	28,839,556	-
INCREASE (DECREASE) IN NET ASSETS	12,894,528	(38,286)
NET ASSETS, BEGINNING OF YEAR	150,996,956	3,812,051
NET ASSETS, END OF YEAR	\$ 163,891,484	\$ 3,773,765

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

	Primary Government	Component Unit Auxiliary Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Enrollment, tuition and fees	\$ 15,353,693	\$
Federal grants and contracts	33,928,276	
State grants and contracts	9,743,489	
Local grants and contracts	1,703,911	
Payments to suppliers	(22,102,936)	(6,068,815)
Sales		8,666,539
Payments to/on-behalf of employees	(139,461,718)	(2,764,623)
Payments to/on-behalf of students	(29,597,808)	
Other receipts/(payments)	261,097	289,937
Net cash provided (used) by operating activities	<u>(130,171,996)</u>	<u>123,038</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionments and receipts	103,289,529	
Property taxes	17,438,048	
Grants and gifts for other than capital purposes	4,701,939	
Net cash provided by non-capital financing activities	<u>125,429,516</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State apportionment and receipts for capital purposes	8,104,552	
Property taxes and other local revenue from capital purposes	17,999,711	
District fees		8,790
Transfer in from Associated Student Trust	5,000	
Net purchase and sale of capital assets	(29,945,704)	(23,927)
Proceeds from capital debt, net of costs	66,066,789	
Principal and interest paid on capital debt, net	(28,812,206)	
Interest on capital investments	705,068	
Net cash provided (used) by capital and related financing activities	<u>34,123,210</u>	<u>(15,137)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	772,177	29,820
Net cash provided by investing activities	<u>772,177</u>	<u>29,820</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,152,907	137,721
CASH BALANCE - Beginning of Year	<u>83,104,603</u>	<u>1,529,850</u>
CASH BALANCE - End of Year	<u>\$ 113,257,510</u>	<u>\$ 1,667,571</u>
Breakdown of ending cash balance		
Cash and cash equivalents	\$ 99,290,103	\$ 1,667,571
Restricted cash and cash equivalents	13,967,407	
Total	<u>\$ 113,257,510</u>	<u>\$ 1,667,571</u>
Supplemental Disclosure		
Non cash financing activities		
Reduction on loans payable - usage credits	<u>\$ 23,781</u>	

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010

	<u>Primary Government</u>	<u>Component Unit Auxiliary Services</u>
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</u>		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Loss	\$ (136,042,475)	\$ (68,106)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	10,009,272	144,952
Changes in assets and liabilities:		
Accounts and student loans receivable, net	1,916,227	88,713
Due from Auxiliary Services	325,372	
Due from District		58,173
Inventories	8,100	85,403
Prepaid expenses	(21,439)	3,464
Notes receivable		10,380
Other postemployment benefit obligation	(457,420)	36,276
Accounts payable and accrued liabilities	(3,396,587)	(115,459)
Due to Auxiliary Services	(64,275)	
Deferred revenue	(2,581,156)	(2,679)
Compensated absences	130,634	(49,492)
Due to District		(64,881)
Amount held in trust	1,751	(3,706)
Net cash provided (used) by operating activities	<u>\$ (130,171,996)</u>	<u>\$ 123,038</u>

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

	Primary Government		Component Unit
	Student Loans and Scholarship Trust	Associated Student Trust	Auxiliary Services Agency Funds
ASSETS			
Cash and cash equivalents	\$ 320,687	\$ 1,306,618	\$ 1,051,598
Accounts receivable	37,975		133,811
Due from the District			15,170
TOTAL ASSETS	\$ 358,662	\$ 1,306,618	\$ 1,200,579
LIABILITIES			
Accounts payable	\$ 1,789	\$ 1,947	\$ 3,332
Due to the District			2,816
Amount held in trust for others		1,304,671	1,194,431
Amount held in trust for loans	101,959		
TOTAL LIABILITIES	103,748	1,306,618	1,200,579
NET ASSETS			
Reserved for scholarships	254,914		
TOTAL NET ASSETS	254,914	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 358,662	\$ 1,306,618	\$ 1,200,579

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2010

	Primary Government Student Loans and Scholarship Trust
ADDITIONS	
Donations	\$ 491,010
TOTAL ADDITIONS	491,010
DEDUCTIONS	
Scholarships awarded	608,930
TOTAL DEDUCTIONS	608,930
OTHER SOURCES (USES)	
Transfers from Associated Student Trust	66,423
TOTAL OTHER SOURCES (USES)	66,423
Change in Net Assets	(51,497)
NET ASSETS, BEGINNING OF YEAR	306,411
NET ASSETS, END OF YEAR	\$ 254,914

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
STATEMENT OF OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS
June 30, 2010

	Primary Government Retiree Benefit Trust	Component Unit Auxiliary Services Retiree Benefit Trust
ASSETS		
Cash and cash equivalents	\$ 12,793,242	\$ 2,002,073
Accrued interest receivable	343,146	1,416
Investments	50,254,199	780,173
TOTAL ASSETS	\$ 63,390,587	\$ 2,783,662
TOTAL NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 63,390,587	\$ 2,783,662

See the accompanying notes to the financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS PLAN NET ASSETS
For the Fiscal Year Ended June 30, 2010

	Primary Government	Component Unit Auxiliary Services
	<u>Retiree Benefit Trust</u>	<u>Retiree Benefit Trust</u>
ADDITIONS		
Employer contributions	\$ 1,912,699	\$
Interest and investment income	1,142,429	32,042
Net realized/unrealized gains (losses)	<u>(795,747)</u>	<u>37,395</u>
TOTAL ADDITIONS	<u>2,259,381</u>	<u>69,437</u>
DEDUCTIONS		
Services and other operating expenses	<u>153,624</u>	<u>1,108</u>
TOTAL DEDUCTIONS	<u>153,624</u>	<u>1,108</u>
Increase in Net Assets	2,105,757	68,329
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, BEGINNING OF YEAR	<u>61,284,830</u>	<u>2,715,333</u>
NET ASSETS HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS, END OF YEAR	<u>\$ 63,390,587</u>	<u>\$ 2,783,662</u>

See the accompanying notes to the financial statements

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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 of 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

A. REPORTING ENTITY (continued)

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

Mt. San Antonio College Auxiliary Services - The Auxiliary is a separate not-for-profit corporation formed to promote and assist the educational program of the District. The Board of Directors are comprised of the President/CEO and Vice President of Administrative Services for the District along with the Associated Students' President and two other members appointed by the President/CEO. In addition, the Auxiliary may not carry on any activities not approved by the President/CEO of the District. Upon dissolution of the Auxiliary, net assets, other than trust funds, will be distributed to the District. The financial activities of the Auxiliary have been discreetly presented.

Mt. San Antonio Community College District OPEB Trust – The Trust is an irrevocable governmental trust pursuant to Section 115 of the Internal Revenue Code for the purpose of funding certain post-employment benefits. The Trust Investment Committee, comprised of the Vice President, Administrative Services; Associate Vice President, Fiscal Services; and a Manager appointed by the President/CEO provide oversight over Trust investments. The Trust Administrative Committee, comprised of the Vice President, Administrative Services, and a representative from the Faculty Association, CSEA 651 and CSEA 262, provide oversight over the plan administration. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discreetly presented.

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

Mt. San Antonio College Foundation - The Foundation is a separate not-for-profit corporation. The Foundation is not included as a Component Unit because the third criterion was not met; the economic resources received and held by the Foundation are not significant to the District.

Separate financial statements for the Auxiliary and the Foundation can be obtained through the District. Separate financial statements are not prepared for the Trust.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

B. FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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 Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities*, issued in June and November 1999 and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the District's financial activities. Fiduciary activities, with the exception of Student Financial Aid Programs, are excluded from the basic financial statements. The Fiduciary activities of the District's component unit are reported separately in the Fiduciary statements.

The District operates a Warrant Pass-Through agency 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 \$5,266,648 on June 30, 2010, which represents withholdings payable. The Warrant Pass-Through Fund is not reported in the basic financial statements.

C. BASIS OF ACCOUNTING

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

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

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

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

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

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

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

1. Cash and Cash Equivalents

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

2. Accounts Receivable

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

Accounts receivable from students for tuition and fees is recorded net of a provision for uncollectable amounts. In addition, accounts receivable also includes student loans receivable which consist of loan advances to students awarded under the student financial aid programs the District administers for federal agencies. Student loans receivable are recorded net of cancelled principal. The receivables are held in trust for the awarding federal agency.

3. Investments

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

4. Due from Auxiliary Services

Due from Auxiliary Services consists primarily of reimbursement for operational salary expenses and amounts due for workers' compensation.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

5. Inventories

Inventories are presented at the lower of cost or market on an average basis and are expensed when used. Inventory consists of expendable instructional, custodial, health and other supplies held for consumption.

6. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2010, 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.

7. 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, contracts, and debt service requirements.

8. 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.

9. 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 valued at a cost of \$150,000 or more 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

9. Capital Assets (continued)

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 with a whole month convention over the estimated useful lives of the assets, generally 50 years for buildings and building improvements, 10 years for land improvements, 8 years for equipment and vehicles and 3 years for technology.

10. Accounts Payable

Accounts payable consists of amounts due to vendors.

11. Accrued Liabilities

Accrued liabilities consist of salaries and benefits payable.

12. Deferred Revenue

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

13. Due to Auxiliary Services

Due to Auxiliary Services consists primarily of expenses related to the Bookstore.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

14. Compensated Absences

In accordance with GASB Statement No. 16, accumulated unpaid employee vacation benefits are recognized as liabilities of the District as compensated absences in the statement of net assets.

The District has accrued a liability for the amounts attributable to load banking hours within compensated absences. Load banking hours consist of hours worked by instructors in excess of a full-time load for which they may carryover for future paid time off.

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

15. Net Assets

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

15. 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.

16. 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 2011 will be recorded in the year computed by the State.

17. 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 basic financial statements for property taxes due to the fact that any receivable is offset by a payable to the State for revenue limit purposes. Property taxes for debt service purposes have been accrued in the basic financial statements.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

18. 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 Colleges 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 \$1,220,400 for STRS.

19. Classification of Revenues

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

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

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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

C. BASIS OF ACCOUNTING (continued)

20. 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.

21. 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.

22. Fiscal Accountability

The Los Angeles County Superintendent of Schools issued a letter dated June 26, 2009 granting unrestricted approval for the District to operate under Fiscal Accountability status beginning July 1, 2009. Fiscal Accountability status will allow the District to process payroll and commercial warrants independent of the Los Angeles County Superintendent of Schools. Fiscal Accountability is subject to ongoing approval by the Los Angeles County Superintendent of Schools.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS:

A. Custodial 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 does not have a deposit policy for custodial risk. As of June 30, 2010, \$2,958,638 of the District's bank balance of \$3,104,197 was exposed to credit risk as follows:

Uninsured and uncollateralized deposits	\$ 2,958,638
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These deposits are held in money market funds with a credit worthy, high quality institution.

In addition, at June 30, 2010, \$12,793,242 of the Trust's assets were exposed to credit risk as uninsured and uncollateralized deposits. These deposits are held with a trustee in money market funds and are rated AAA or better by Standard and Poor's, in accordance with the Trust's investment policy.

B. Cash in County

In accordance with 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. These pooled funds are carried at cost which approximates fair value. The fair market value of the District's deposits in this pool as of June 30, 2010, as provided by the pool sponsor, was \$111,801,431. Interest earned is deposited quarterly into participating funds, except for the Restricted General Fund, Student Financial Aid Fund and Warrant Pass-Through Fund, in which case interest earned is credited to the General Fund. Any investment losses are proportionately shared by all funds in the pool.

C. Investments

Investments held by the Mt. San Antonio OPEB Trust (the Trust) are limited to those within the terms of the trust agreement, any applicable plan documents and in accordance with California Code Section 53620 through 53622. The Trust did not violate any provisions of the above during the fiscal year ended June 30, 2010.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 2 – DEPOSITS AND INVESTMENTS: (continued)

C. Investments (continued)

Investments held by the Trust at June 30, 2010 are presented below:

Investment	Maturities	Fair Value	Standard & Poor's Rating			
			AAA	AA+	A	Unrated
Corporate issues	Less than 1 year	\$ 3,050,370	\$	\$	\$ 3,050,370	\$
	1-5 years	20,951,884	3,139,100	4,603,612	13,209,172	
	Greater than 5 years	11,700,100				11,700,100
U.S. Government sponsored issues	1-5 years	14,097,066	14,097,066			
Municipal issues	1-5 years	454,779	454,779			
Total Investments		\$ 50,254,199	\$ 17,690,945	\$ 4,603,612	\$ 16,259,542	\$ 11,700,100

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Trust authorizes the use of a broad range of investment choices that have distinctly different risk and return characteristics, with the provision that all investments must continue to adhere to the underlying requirements of California Government Code Section 53600.5 and, in particular, its emphasis on preservation of capital. The individual investment ratings are indicated above.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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. The Trust places no limit on the amount that may be invested in any one issuer. In accordance with Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, requirements, the Trust is exposed to concentration of credit risk whenever investments in any one issuer exceeds 5%. At June 30, 2010 the Trust has invested more than 5% of its portfolio in the following issuers:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of</u>
U.S. Government sponsored issues		
Federal Farm Credit Bank	\$ 8,686,717	17%
Federal National Mortgage Association - Medium Term Notes	5,484,010	11%
Corporate issues		
AT&T, Inc.	3,232,142	6%
General Electric Capital Corporation	4,641,377	9%
JP Morgan Chase	4,884,500	10%
Morgan Stanley	<u>6,815,600</u>	13%
	<u>\$ 33,744,346</u>	67%

NOTE 3 - ACCOUNTS RECEIVABLE:

The accounts receivable balance as of June 30, 2010 consists of the following:

Federal and State	\$30,904,100
Debt Service Property Tax	1,978,377
Miscellaneous	702,610
Tuition and Fees (net of allowance for doubtful account \$333,094)	<u>673,587</u>
	<u>\$34,258,674</u>

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 the interfund transfer is transacted after the close of the fiscal year. Interfund activity has been eliminated in the basic financial statements, except for transactions occurring between governmental and fiduciary funds.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 - CAPITAL ASSETS:

The following provides a summary of changes in capital assets for the year ended June 30, 2010:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Land	\$ 619,480	\$	\$	\$ 619,480
Site and site improvements	195,936,319	92,618,005	(1,593,063)	286,961,261
Equipment	22,522,363	1,285,066	(5,692)	23,801,737
Construction in progress	113,051,999	24,279,746	(88,913,323)	48,418,422
Total cost	<u>332,130,161</u>	<u>118,182,817</u>	<u>(90,512,078)</u>	<u>359,800,900</u>
Less accumulated depreciation for:				
Site and site improvements	45,449,722	6,808,561	(1,411,130)	50,847,153
Equipment	14,342,240	3,200,711		17,542,951
Total accumulated depreciation	<u>59,791,962</u>	<u>10,009,272</u>	<u>(1,411,130)</u>	<u>68,390,104</u>
Governmental capital assets, net	<u>\$ 272,338,199</u>	<u>\$ 108,173,545</u>	<u>\$ (89,100,948)</u>	<u>\$ 291,410,796</u>

NOTE 6 - OPERATING LEASES:

The District has entered into various operating leases for modular buildings with lease terms in excess of one year. Future minimum lease payments under these agreements are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Lease Payment</u>
2011	\$ <u>4,760</u>
Total	\$ <u>4,760</u>

Current year expenditures for operating leases is approximately \$19,300. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 - LOANS PAYABLE:

A. City of Walnut

The District entered into an agreement on November 24, 1993 with the Walnut Improvement Agency (the Agency) on behalf of the City of Walnut (the City) whereby the Agency shall contribute a maximum of \$1,000,000 to the District for construction of the Performing Arts Center. The District will reimburse the City for the Agency's contribution over a period of 20 years. The District must pay the City on a quarterly basis as of March 31, June 30, September 30 and December 31, \$1 for every ticket sold for all performances during the respective quarters and receive credit towards the loan for the City's usage of the facility.

During fiscal year 2009-10, the District repaid \$11,539 to the City, and received \$23,781 in facility usage credit. The remaining balance of \$283,239 is reflected as a liability on the statement of net assets.

B. California Energy Commission

On July 20, 2001 the District entered into a loan agreement for \$647,134 with the California Energy Commission for use in the installation of energy efficient lighting. The annual interest rate for the loan is 3%. During fiscal year 2009-10 the District paid \$66,603 in principal and \$5,683 in interest payments.

Annual loan payments outstanding as of June 30, 2010 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 68,616	\$ 3,670	\$ 72,286
2012	<u>70,688</u>	<u>1,598</u>	<u>72,286</u>
	<u>\$139,304</u>	<u>\$ 5,268</u>	<u>\$144,572</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 8 – GENERAL OBLIGATION BONDS – MEASURE R, NOVEMBER 2001:

On November 6, 2001, \$221 million in general obligation bonds were authorized by an election held within the Mt. San Antonio College District under Proposition 39/Measure R. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities.

On September 7, 2005 the District offered for sale \$75,745,843 in general obligation refunding bonds. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$63,945,000 and as Capital Appreciation Bonds in the aggregate principal amount of \$11,800,843.

The bonds were issued to refund certain outstanding general obligation bonds (\$40,000,000 Series A issued May 1, 2002 and \$75,000,000 Series B issued February 4, 2004) of the District and to pay for certain capital improvements.

The proceeds associated with the refunding were deposited in an escrow fund for future repayment. At June 30, 2010 the outstanding balance of the defeased debt to be paid by the escrow agent totaled \$64,314,450. Of this amount, \$20,144,450 and \$44,170,000 are scheduled to be repaid in May 2012 and August 2014, respectively. 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 \$12,176,000. These savings result in a re-calculation of the collections and payments towards bond payoffs and are included in the consolidated schedule noted on the subsequent page.

The capital appreciation bonds were issued with maturity dates of August 1, 2016 through August 1, 2017. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

On September 8, 2006 the District offered for sale \$79,996,203 in general obligation bonds. The bonds are the third series (Series C) of general obligation bonds authorized by the November 6, 2001 election. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$78,755,000 and as Capital Appreciation Bonds in principal amount of \$1,241,203.

The capital appreciation bonds were issued with maturity dates of September 1, 2008 through September 1, 2012. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 8 – GENERAL OBLIGATION BONDS – MEASURE R, NOVEMBER 2001: (continued)

On July 9, 2008 the District offered for sale \$26,003,609 in general obligation bonds. The bonds are the fourth series (Series D) of general obligation bonds authorized by the November 6, 2001 election. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$20,065,000 and as Capital Appreciation Bonds in principal amount of \$5,938,609.

The capital appreciation bonds were issued with maturity dates of June 1, 2010 through June 1, 2018. Prior to the applicable maturity date, each bond will accrete interest on the principal component.

The outstanding bonded debt of Mt. San Antonio Community College District at June 30, 2010 is:

<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Final Maturity Date⁽¹⁾</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2009</u>	<u>Issued Current Year</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 2010</u>
5/1/2002 A	3.25-5.25%	5/1/2027	\$ 40,000,000	\$ 3,365,000	\$	\$ 1,115,000	\$ 2,250,000
2/4/2004 B	2.75-5.0%	8/1/2028	75,000,000	11,610,000		1,740,000	9,870,000
9/7/2005	3.5-5.0%	8/1/2017	75,745,843	70,580,843		5,285,000	65,295,843
9/8/2006 C	4.0-5.0%	9/1/2031	79,996,203	76,091,070		166,062	75,925,008
7/9/2008 D	2.92-5.0%	6/1/2033	26,003,609	26,003,609		573,316	25,430,293
			<u>\$ 296,745,655</u>	<u>\$ 187,650,522</u>	<u>\$ -</u>	<u>\$ 8,879,378</u>	<u>\$ 178,771,144</u>

⁽¹⁾ Revised maturity date on non-refunded portion:
 Series A 5/1/2012
 Series B 8/1/2014

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 8 – GENERAL OBLIGATION BONDS – MEASURE R, NOVEMBER 2001: (continued)

The annual requirements to amortize all bonds payable, outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Accreted Interest	Interest	Total
2011	\$ 9,661,159	\$ 118,841	\$ 7,530,611	\$ 17,310,611
2012	10,534,039	165,961	7,184,570	17,884,570
2013	10,124,019	265,980	6,807,693	17,197,692
2014	12,217,408	182,592	6,196,631	18,596,631
2015	13,237,021	217,979	5,627,450	19,082,450
2016-2020	38,932,498	16,782,503	22,938,700	78,653,701
2021-2025	28,515,000		17,252,215	45,767,215
2026-2030	36,730,000		9,499,662	46,229,662
2031-2033	18,820,000		1,113,625	19,933,625
Total Debt Service	<u>\$ 178,771,144</u>	<u>\$ 17,733,856</u>	<u>\$ 84,151,157</u>	<u>\$ 280,656,157</u>

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 \$18,528,660. This amount will be amortized using the straight line method. Amortization of \$1,548,918 was recognized during 2009-10.

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 \$7,430,378. Amortization of \$619,198 was recognized during the 2009-10 year.

At June 30, 2010, \$5,106,504, in accreted interest has been accrued and included in long-term debt.

Associated issuance costs are recorded as capitalized fees on the statement of net assets. The Bonds included issuance costs of \$3,023,038. This amount is amortized using the straight-line method. Amortization of \$232,409 was recognized during 2009-10.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 9 – BOND ANTICIPATION NOTES:

On April 28, 2010, the District issued \$64,999,815 in bond anticipate notes. The notes were issued to (a) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and (b) refund the District's outstanding 2008 Lease Revenue Bonds.

The notes are payable only at maturity, and will not pay interest on a current basis. The notes accrete in value from their initial principal amount to their maturity value, at an approximate accretion rate of 4.034% per annum. The maturity value of the notes is the accreted value of \$79,270,000 and the maturity date is May 1, 2015.

The principal amount of the notes, together with the interest thereon, will be payable from the proceeds of the 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 \$1,066,974. This amount will be amortized using the straight line method. Amortization was not recognized during 2009-10.

Associated issuance costs are recorded as capitalized fees on the statement of net assets. The notes included issuance costs of \$1,066,974. This amount will be amortized using the straight-line method. Amortization was not recognized during 2009-10.

At June 30, 2010, the outstanding long-term debt for the notes is \$64,999,815 with no accreted interest having been accrued.

NOTE 10 – DEFEASEMENT OF LONG-TERM DEBT:

With the issuance of the bond anticipation notes, the District exercised their option to prepay the revenue lease bonds. On May 18, 2010, proceeds in the amount of \$9,596,000 were deposited into an escrow fund for future repayment. The remaining capitalized fees of \$297,180 and premium of \$353,844 were fully amortized in the 2009-10 statement of revenues, expenses and changes in net assets.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 11 - LONG-TERM DEBT:

A schedule of changes in long-term debt for the year ended June 30, 2010 is shown below:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>Due in</u>
					<u>One Year</u>
Loan payable-City of Walnut	\$ 318,559	\$	\$ 35,320	\$ 283,239	\$ 37,077
Energy loans payable	205,907		66,603	139,304	68,616
Compensated absences	6,547,518	130,634		6,678,152	654,222
Other postemployment benefits other than pensions (OPEB) *	371,248		371,248	-	
Lease revenue bonds:					
Lease revenue bonds payable	9,890,000		9,890,000	-	
Premium	353,844		353,844	-	
Bond anticipation note:					
Notes payable		64,999,815		64,999,815	
Premium		1,066,974		1,066,974	
General obligation bonds:					
Bonds payable	187,650,522		8,879,378	178,771,144	9,661,159
Premium	12,520,794		1,548,918	10,971,876	
Accreted interest	3,681,466	1,475,661	50,623	5,106,504	
Deferred liability	<u>(5,572,784)</u>		<u>(619,198)</u>	<u>(4,953,586)</u>	
Total	<u>\$ 215,967,074</u>	<u>\$ 67,673,084</u>	<u>\$ 20,576,736</u>	<u>\$ 263,063,422</u>	<u>\$ 10,421,074</u>

* See Note 13.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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 Alliance of Schools for Cooperative Insurance Programs (ASCIP).

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 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

Public Employees' Retirement System (PERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2009-10 was 9.709% of annual payroll. The contribution requirements of the plan members are established and may be amended by State statute.

Contributions to STRS and PERS

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

Year Ended June 30,	STRS		PERS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2008	\$5,298,122	100%	\$2,704,482	100%
2009	5,339,102	100%	3,149,047	100%
2010	4,991,695	100%	3,294,009	100%

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 12 - EMPLOYEE RETIREMENT PLANS: (continued)

MetLife

Plan Description

MetLife is a defined contribution plan qualifying under §401(a) and §501 of the Internal Revenue Code that is administered by Alliance of Schools for Cooperative Insurance Programs (ASCIP). 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 and the District are established and may be amended by the ASCIP Board of Trustees.

Funding Policy

Contributions of 3% of covered compensation of eligible employees are made by the employer and 4.5% are made by the employee. Total contributions, employer and employee combined, were made in the amount of \$787,251 during the fiscal year. The total amount of covered compensation was \$10,496,683. Total contributions made is 100% of the amount of contributions required for fiscal year 2009-10.

NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS:

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides medical benefits to eligible retirees and their spouses in accordance with provisions established through negotiations between the District and the bargaining unions representing employees. Plan provisions are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Eligibility

The District currently provides retiree medical or Medicare supplement coverage for employees that have rendered at least five years of service for the District and have retired at the age of 50 for PERS retirees or the age of 55 for STRS retirees. These benefits provide for both the employee and their spouse until death. For employees hired after December 31, 1995, these benefits are no longer provided for the spouse. In addition, the employee must have at least ten years of service credit.

Retirees and beneficiaries receiving benefits	490
Terminated plan members entitled to but not yet receiving benefits	16
Active plan members	<u>933</u>
Total	<u>1,439</u>

Funding Policy

The contribution requirements are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements, with an annual adjustment to fully fund the actuarially determined annual required contribution. For fiscal year 2009-10, the District contributed \$5,019,099 to the plan, including \$3,230,930 for current year premiums. The District pays for 100% of coverage.

Annual OPEB Cost and Net OPEB Obligation (Asset)

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 District has elected to amortize the unfunded actuarial liability over 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation (asset):

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

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

Annual required contribution (ARC)	\$ 4,558,826
Interest on net OPEB obligation	20,419
Adjustment to annual required contribution	<u>(17,566)</u>
Annual OPEB cost (expense)	4,561,679
Contributions made	<u>(5,019,099)</u>
Change in net OPEB obligation/(asset)	(457,420)
Net OPEB obligation - Beginning of Year	<u>371,248</u>
Net OPEB asset - End of Year	<u>\$ (86,172)</u>

The District's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation (asset) was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Assets)</u>
6/30/2008	\$ 5,319,342	121.00%	\$ (1,115,336)
6/30/2009	5,410,787	93.13%	371,248
6/30/2010	4,561,679	110.03%	(86,172)

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 13 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Funding Status and Funding Progress

As of May 1, 2009, the most recent actuarial valuation date, the plan was 69% funded. The actuarial accrued liability for benefits was \$87.7 million, and the actuarial value of assets held in the Mt. San Antonio Community College District OPEB Trust was \$60.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$27.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$75 million, and the ratio of the UAAL to the covered payroll was 36.6%.

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of 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.

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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 12 – POSTEMPLOYMENT HEALTHCARE BENEFITS: (continued)

Actuarial Methods and Assumptions (continued)

The actuarial cost method used in determining the benefit obligations is the Entry Age Normal Cost method. The actuarial assumptions included a 5.5 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 4.0 percent which included a 3.0 percent inflation assumption. The initial UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 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 period.

NOTE 14 - JOINT POWERS AGREEMENT:

The Mt. San Antonio Community College District participates in five joint powers agreement (JPA) entities; the Alliance of Schools for Cooperative Insurance Programs (ASCIP); the Southern California Community College District Joint Powers Agency (SCCCD-JPA); the Schools Excess Liability Fund (SELF); the Protected Insurance Programs for Schools (PIPS); and the California Statewide Tax Authority (the Authority). The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes, as explained on the following pages.

ASCIP arranges for and provides property and liability insurance plans and dental and vision insurance plans for its member districts. Mt. San Antonio Community College District pays a premium commensurate with the level of coverage requested. In addition, ASCIP maintains defined pension plans for employees not covered by STRS or PERS (see Note 11).

SCCCD-JPA provides workers' compensation coverage for its six member districts. Payments transferred to funds maintained under the JPA are expensed when made. Based upon an actuarial study, District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 14 - JOINT POWERS AGREEMENT: (continued)

SELF arranges for and provides a self-funded or additional insurance for excess liability for approximately 1,100 public educational agencies. SELF is governed by a board of 16 elected voting members, elected alternates, and two ex-officio members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's board of directors and shares surpluses and deficits proportionately to its participation in SELF.

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

The Authority purchases delinquent ad valorem property taxes from school agencies in Los Angeles County to receive additional unrestricted revenues through financing of property tax delinquencies. The Authority is a pass through entity and financial information is not available. For the fiscal year 2009-10, the District received \$51,705 in local revenue from the Authority for the sale of delinquent tax receivables.

Condensed financial information of ASCIP, SCCCD-JPA, SELF, and PIPS for the most current information available is as follows:

	ASCIP 6/30/2010 <u>(Unaudited)</u>	SCCCD-JPA 6/30/2009 <u>(Audited)</u>	SELF 6/30/2009 <u>(Audited)</u>	PIPS 6/30/2010 <u>(Audited)</u>
		Workers' Compensation Insurance Fund		
Total assets	\$244,838,044	\$ 20,213,024	\$209,217,000	\$117,734,937
Total liabilities	<u>138,884,803</u>	<u>771,310</u>	<u>161,555,000</u>	<u>69,742,511</u>
Net assets	<u>\$105,953,241</u>	<u>\$ 19,441,714</u>	<u>\$ 47,662,000</u>	<u>\$ 47,992,426</u>
Total revenues	\$177,532,660	\$ 8,029,101	\$ 26,645,000	\$ 5,305,101
Total expenditures	<u>162,916,341</u>	<u>6,878,823</u>	<u>27,701,000</u>	<u>596,363</u>
Change in net assets	<u>\$ 14,616,319</u>	<u>\$ 1,150,278</u>	<u>\$ (1,056,000)</u>	<u>\$ 4,708,738</u>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 15 - FUNCTIONAL EXPENSE:

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials, Utilities, Other Expenses and Services</u>	<u>Student Aid and Other Uses</u>	<u>Depreciation</u>	<u>Total</u>
Instructional	\$ 65,383,985	\$ 13,748,352	\$ 3,076,011	\$	\$	\$ 82,208,348
Academic Support	10,033,019	2,438,589	599,170			13,070,778
Student Services	11,064,735	2,827,247	1,103,678			14,995,660
Operation & Maintenance of Plant	5,152,566	1,863,170	5,480,592			12,496,328
Institutional Support	11,674,666	5,565,630	6,866,526			24,106,822
Community Services and Economic Development	2,107,915	415,797	775,166			3,298,878
Ancillary Services and Auxiliary Operations	3,502,407	870,274	743,390			5,116,071
Student Aid				29,638,397		29,638,397
Other Outgo			4,188,438			4,188,438
Depreciation Expense					10,009,272	10,009,272
Totals by Object	<u>\$ 108,919,293</u>	<u>\$ 27,729,059</u>	<u>\$ 22,832,971</u>	<u>\$ 29,638,397</u>	<u>\$ 10,009,272</u>	<u>\$ 199,128,992</u>

NOTE 16 - COMMITMENTS AND CONTINGENCIES:

A. State and Federal Allowances, Awards and Grants

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

B. Purchase Commitments

As of June 30, 2010 the District was committed under various capital expenditure purchase agreements for various projects totaling approximately \$34.9 million to be funded from bond proceeds from Proposition 39, bond anticipation notes and State funding for capital outlay projects.

In July 2006, the Board authorized the acquisition of a fully integrated Enterprise Application System (EAS) to replace several of its legacy information systems with a strategic, scalable, non-propriety system to enhance academic and administrative services to campus constituents. Total costs are estimated to be \$21.6 million over a ten year timeline with funding provided from the Unrestricted General Fund. Funding for the first three years of implementation will come from a designated EAS reserve; thereafter, ongoing maintenance will be funded as usual.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

NOTE 16 - COMMITMENTS AND CONTINGENCIES: (continued)

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.

D. General Obligation Bonds – Measure RR, November 2008

On November 4, 2008, \$353 million in general obligation bonds were authorized by an election held within the Mt. San Antonio College District under Proposition 39/Measure RR. Proceeds from the sale of the bonds will be used to finance the construction, acquisition, furnishing and equipping of District facilities.

As of June 30, 2010, the District has not sold any general obligation bonds authorized by the November 4, 2008 election.

E. Potential Excess Earnings Liability

Under federal law, issuers of tax exempt bonds are required to calculate and remit to the federal government earnings on the proceeds of bonds above allowed yields every five years. The district has had preliminary calculations performed on Series A, B and C bond proceeds. These indicate potential excess earnings on Series B bonds of \$231,467 for the five year period ending in February 2011 and \$692,564 for the Series C period ending in September 2011. Amounts eventually remitted will be based on excess earnings over the full five year periods and may be more or less than the above amounts.

REQUIRED SUPPLEMENTARY INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS

For the Fiscal Year Ended June 30, 2010

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Liability (Entry Age Normal Method) (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funding Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
4/1/2007	\$ 52,900,505	\$ 93,378,693	\$ 40,478,188	56.7%	\$ 72,296,089	56.0%
5/1/2009	60,367,776	87,651,507	27,283,731	68.9%	74,599,091	36.6%

Note: The plan's segregated assets held in the Southern California Community College JPA, were transferred to the Mt. San Antonio Community College District OPEB Trust in July 2008. As the assets held by the JPA were excluded from the District's assets, management believes they are appropriately reported as plan assets for the 2007 valuation. Subsequent to the 2007 valuation plan assets are held in the Mt. San Antonio Community College District OPEB Trust.

Fiscal year 2007-08 was the year of implementation of GASB Statement No. 45 and the District elected to implement prospectively, therefore, only two years of actuarial data is available. In future years, as actuarial valuations are performed, three year trend information will be presented.

See the accompanying notes to the required supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Fiscal Year Ended June 30, 2010

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 5,395,369	72.73%
2010	4,558,826	110.10%

Note: In June 2008, the District established the Mt. San Antonio Community College District OPEB Trust. Irrevocable contributions to the Trust were made in July 2008, therefore, fiscal year 2008-09 was the year of implementation of GASB Statement No. 43. The District elected to implement prospectively, therefore, only two years of comparative data is available. In future years, three year trend information will be presented.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010

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 Benefits 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

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION

June 30, 2010

Mt. San Antonio Community College District is a public community college that has been serving the people of Baldwin Park, Bassett, Charter Oak, Covina, Diamond Bar, Southern portion of Glendora, Hacienda Heights, Industry, Irwindale, La Puente, La Verne, Pomona, Rowland Heights, San Dimas, Valinda, Walnut and West Covina since 1946.

The District maintains its campus on 421 acres of land in the City of Walnut, California, in the Eastern portion of Los Angeles County. Mt. San Antonio Community College District is accredited by the Western Association of Schools and Colleges.

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Dr. David K. Hall	President	November 30, 2013
Judy Chen Haggerty	Vice President	November 30, 2013
Rosanne M. Bader	Clerk	November 30, 2011
Manuel Baca	Member	November 30, 2011
Fred Chyr	Member	November 30, 2011
Patrick Martinez	Student Trustee	June 30, 2011

DISTRICT EXECUTIVE OFFICERS

Dr. John S. Nixon	President/CEO
Dr. Virginia Burley	Vice President, Instruction
Michael D. Gregoryk	Vice President, Administrative Services
Annette Loria	Vice President, Human Resources*
Dr. Audrey Yamagata-Noji	Vice President, Student Services

* Dr. Jack Miyamoto was the Interim Vice President, Human Resources through March 31, 2010; Annette Loria became Vice President, Human Resources effective February 1, 2010

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2010

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			
Student Financial Aid Cluster:			
Student Financial Aid Administrative Expenses	84.000	N/A	\$ 97,306
Supplemental Educational Opportunities Grant (SEOG)	84.007	N/A	515,063
Federal Work Study	84.033	N/A	229,326
American Recovery and Reinvestment Act (ARRA) - Federal Work Study	84.033	N/A	90,715
Pell	84.063	N/A	25,431,321
Direct Loans - William D Ford Program	84.268	N/A	1,600,087
Academic Competitiveness	84.375	N/A	143,384
Department of Agriculture:			
Passed through the California Department of Education:			
Child Nutrition Program	10.555	03755	62,004
Hispanic-Serving Institutions Education Grant-Mt. SAC Agriculture Pathways Program	10.223	(1)	64,379
Department of Labor:			
Direct			
American Recovery and Reinvestment Act: Health Care Sector and Other High Growth and Emerging Industries	17.275	(1)	68,036
Pass through the Employment Development Department			
Workforce Investment Act: Associate Degree for Nursing (RN) Programs			
Fostering Student Success	17.258	(1)	170,903
Workforce Investment Act Governor's 15% Investment Act Funds for Allied Health Programs	17.258	(1)	56,971
Passed through California Community College Chancellor's Office:			
California Transportation and Logistics Institute (CATLI)	17.269	(1)	4,471
National Science Foundation:			
Direct			
Advance Technological Education (ATE):			
Regional Information Systems Security Center	47.076	N/A	218,254
Science, Technology, Engineering, and Mathematics (STEM)	47.076	N/A	97,825
Passed through the California State University Fullerton:			
Test Up - Talent Expansion in Science and Technology	47.076	(1)	87,496
Department of Veterans Affairs			
Direct			
Veteran Education Assistant - Chapter 33	64.028	N/A	122,779

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2010

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
Department of Education:			
Direct			
Addressing Acute Student Needs	84.031S	N/A	463,103
Upward Bound	84.047A	N/A	245,024
Parent in School Program	84.335A	N/A	103,369
Veteran's Education	84.065	N/A	3,926
Passed through from California Department of Education			
Workforce Investment Act, Title II Adult Education and Family Literacy Act, Section 225/231	84.002	(1)	763,485
Passed through California Community College Chancellor's Office			
American Recovery and Reinvestment Act: State Fiscal Stabilization Funds	84.394	(1)	612,948
Career and Technical Education - Perkins, Family and Consumer Sciences	84.048	(1)	292,160
Career and Technical Education - Perkins, Title I, Part C	84.048	03578	1,152,127
Career and Technical Education - Perkins, Tech Prep	84.243	(1)	67,750
Department of Health & Human Services :			
Passed through California Community College Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	107,226
Temporary Assistance for Needy Families-Child Development Careers Program	93.558	(1)	30,439
Corporation for National and Community Service (CNCS):			
Passed through the Community College Foundation:			
Americorps National Service Awards	94.006	(1)	
Total Federal Expenditures			\$ 32,901,877
Reconciliation to Federal Revenue:			
Total federal program expenditures			\$ 32,901,877
Revenues in excess of expenditures related to federal entitlement program			
Passed through California Public Employees' Retirement System:			
Medicare Part D Retiree Drug Subsidy (RDS)	93.770	(1)	330,540
Total Federal Revenue			\$ 33,232,417
Student Financial Aid Loan Programs:			
<u>Perkins Program</u>	84.038		
Mt San Antonio Community College District had the following loan balance outstanding as of 6/30/10			\$ 41,871
Total Student Financial Aid Loan Programs			\$ 41,871

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

N/A Pass-through entity identifying number not applicable

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
 For the Fiscal Year Ended June 30, 2010

Program Name	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Revenue	Accounts Payable	
State Categorical Aid Programs:					
Basic Skills & Immigrant Education	\$ 3,373,458	\$	\$ 1,438,021	\$	\$ 1,935,437
Board Financial Assistance Program (BFAP)	905,007		35,286		869,721
Cal Works	344,301			37,000	307,301
California High School Exit Exam Preparation Grant (CAHSEE)	254,453	251,710			506,163
CARE	174,993				174,993
Child Care and Development Fund Capacity Project (Facilities Renovation)	14,167				14,167
Child Care Food Program	3,673				3,673
Child Care General Center	296,128	62,672			358,800
Child Care Tax Bailout	88,976				88,976
Child Development Instructional Materials	287	862			1,149
Child Development Training Consortium	9,769		528		9,241
Disabled Student Program Services (DSPS)	1,717,173				1,717,173
Economic Development:					
Center of Excellence	147,877		48,572		99,305
Enrollment Growth AA Nursing	569,995		93,857		476,138
Regional Health Occupational Resource Center (RHORC)	104,349	16,267			120,616
Equal Employment Opportunity	46,004		26,985		19,019
Extended Opportunities Program and Services (EOPS)	761,836		15,210		746,626
Instructional Equipment and Library Materials	405,249		301,814		103,435
Matriculation - Credit	855,792		8,987		846,805
Matriculation - Noncredit	1,185,449		63,927	10,513	1,111,009
Staff Development	844				844
State Preschool, Half Day	261,530	24,758			286,288
Technology Block Grant	10,721				10,721
Telecommunications and Technology Infrastructure Program (TTIP) Grant	71,180		65,625		5,555
Transfer Articulation	2,944		2,301		643
Total State Programs	\$ 11,606,155	\$ 356,269	\$ 2,101,113	\$ 47,513	\$ 9,813,798

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2010**

	Annual - Factored FTES		
	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2009 only)			
1. Noncredit ¹	2,324.86		2,324.86
2. Credit	1,359.09		1,359.09
B. Summer Intersession (Summer 2010 - Prior to July 1, 2010)			
1. Noncredit ¹	-		-
2. Credit	-		-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	19,526.22		19,526.22
(b) Daily Census Contact Hours	2,140.07		2,140.07
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit ¹	3,519.25		3,519.25
(b) Credit	1,065.65		1,065.65
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	571.52		571.52
(b) Daily Census Contact Hours	541.26		541.26
(c) Noncredit Independent Study/Distance Education Courses	N/A		N/A
D. Total FTES	<u>31,047.92</u>	<u>-</u>	<u>31,047.92</u>
Supplemental Information (subset of above information)			
E. In-Service Training Courses (FTES)	N/A		
H. Basic Skills courses and Immigrant Education			
(a) Noncredit ¹	4,775.87		
(b) Credit	2,598.64		
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	4,077.20		
Centers FTES			
(a) Noncredit	N/A		
(b) Credit	N/A		

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

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FUND BALANCES
For the Fiscal Year Ended June 30, 2010

The audit resulted in no adjustments to the fund balances reported on the June 30, 2010 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles.

The financial data for the District's Bond Interest and Redemption Fund is a component part of these financial statements and is 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.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

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

	(Budget) 2011		2010		2009		2008	
	Amount	%	Amount	%	Amount	%	Amount	%
COMBINED GENERAL FUND:								
Revenue								
Federal	\$ 6,105,384	3.73	\$ 5,254,410	3.34	\$ 5,258,162	3.11	\$ 4,310,924	2.48
State	118,165,397	72.12	121,156,073	76.99	129,924,811	76.83	129,601,667	74.43
County and Local	33,126,518	20.22	34,048,858	21.64	34,282,714	20.27	33,667,921	19.34
Total Revenue	<u>157,397,299</u>	<u>96.06</u>	<u>160,459,341</u>	<u>101.97</u>	<u>169,465,687</u>	<u>100.21</u>	<u>167,580,512</u>	<u>96.25</u>
Expenditures								
Academic Salaries	68,601,023	41.87	67,901,428	43.15	71,894,065	42.51	71,472,991	41.05
Classified Salaries	38,630,014	23.58	39,207,655	24.92	41,001,565	24.25	38,709,325	22.23
Employee Benefits	29,231,830	17.84	27,731,828	17.62	29,439,727	17.41	31,406,677	18.04
Supplies and Materials	3,828,652	2.34	2,952,951	1.88	3,289,399	1.95	3,491,070	2.00
Other Operating Expenses and Services	18,687,464	11.41	13,626,386	8.66	15,685,271	9.28	15,836,244	9.10
Capital Outlay	2,982,236	1.82	2,304,822	1.46	2,641,524	1.56	4,423,910	2.54
Other Uses	1,890,066	1.15	3,638,246	2.31	5,156,645	3.05	8,779,025	5.04
Total Expenditures	<u>163,851,285</u>	<u>100.00</u>	<u>157,363,316</u>	<u>100.00</u>	<u>169,108,196</u>	<u>100.00</u>	<u>174,119,242</u>	<u>100.00</u>
Other Financing Sources	-	-	13,887	0.01	112,129	0.07	20,002	0.01
Change in Fund Balance	<u>\$ (6,453,986)</u>	<u>(3.94)</u>	<u>\$ 3,109,912</u>	<u>1.98</u>	<u>\$ 469,620</u>	<u>0.28</u>	<u>\$ (6,518,728)</u>	<u>(3.74)</u>
Ending Fund Balance	<u>\$ 24,613,046</u>	<u>15.02</u>	<u>\$ 31,067,032</u>	<u>19.74</u>	<u>\$ 27,957,120</u>	<u>16.53</u>	<u>\$ 27,487,500</u>	<u>15.79</u>
Reserve Balance	<u>\$ 24,038,725</u>	<u>14.67</u>	<u>\$ 24,548,593</u>	<u>15.60</u>	<u>\$ 16,526,640</u>	<u>9.77</u>	<u>\$ 15,839,049</u>	<u>9.10</u>
Full-time Equivalent Students	<u>29,192</u>		<u>31,048</u>		<u>32,685</u>		<u>31,934</u>	
Total Long-Term Debt	<u>\$ 245,557,084</u>		<u>\$ 255,978,158</u>		<u>\$ 208,665,220</u>		<u>\$ 189,309,805</u>	

IMPORTANT NOTES:

The reserve balance is the amount designated for general reserve and any other remaining undesignated amounts in the General Fund.

All percentages are of total unrestricted and restricted expenditures combined.

The 2011 budget is the Plan and Budget adopted by the Board of Trustees on September 15, 2010.

The California Community College Chancellor's Office has provided guidelines that recommend an ending fund balance of 3% of unrestricted expenditures as a minimum with a prudent ending fund balance being 5% of unrestricted expenditures. In addition, the District's Board policy requires a 10% unrestricted ending fund balance.

Long-term debt is reported for the District as a whole and includes debt related to all funds. Long-term debt excludes unamortized premium and unamortized deferred liability on bonded debt.

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE COMBINED GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Revenue from Federal Sources			
Higher Education Act	\$ 3,959,798	\$ 1,165,723	\$ (2,794,075)
Temporary Assistance for Needy Families	137,665	137,665	-
Student Financial Aid	519,532	320,041	(199,491)
Veterans Education		3,926	3,926
Vocational and Technical Education Act	1,560,202	1,512,037	(48,165)
Other Federal Revenue	3,118,801	2,115,018	(1,003,783)
Revenue from State Sources			
General Apportionments	106,945,258	106,739,503	(205,755)
Categorical Apportionments	9,887,987	7,920,115	(1,967,872)
Other State Revenues	7,051,013	6,496,455	(554,558)
Revenue from Local Sources			
Property Taxes	17,438,048	17,561,859	123,811
Interest and Investment Income	600,000	625,266	25,266
Student Fees and Charges	14,729,667	14,374,938	(354,729)
Other Local Revenue	1,738,630	1,486,795	(251,835)
TOTAL REVENUES	<u>167,686,601</u>	<u>160,459,341</u>	<u>(7,227,260)</u>
EXPENDITURES			
Academic Salaries	70,283,881	67,901,428	2,382,453
Classified Salaries	42,103,563	39,207,655	2,895,908
Employee Benefits	29,257,283	27,731,828	1,525,455
Supplies and Materials	3,882,555	2,952,951	929,604
Other Operating Expenses & Services	22,560,384	13,626,386	8,933,998
Capital Outlay	4,193,953	2,304,822	1,889,131
TOTAL EXPENDITURES	<u>172,281,619</u>	<u>153,725,070</u>	<u>18,556,549</u>
Excess (deficiency) of revenues over expenditures	<u>(4,595,018)</u>	<u>6,734,271</u>	<u>11,329,289</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Equipment	3,106	13,887	10,781
Interfund Transfers Out	(3,233,425)	(3,229,785)	3,640
Student Financial Aid	(1,036,036)	(408,461)	627,575
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,266,355)</u>	<u>(3,624,359)</u>	<u>641,996</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>\$ (8,861,373)</u>	<u>3,109,912</u>	<u>\$ 11,971,285</u>
Fund Balances at Beginning of Year		<u>27,957,120</u>	
Fund Balances at End of Year		<u>\$ 31,067,032</u>	

See the accompanying notes to the supplementary information.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2010

NOTE 1 - PURPOSE OF SCHEDULES:

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

The audit of the Mt. San Antonio Community College District for the year ended June 30, 2010 was conducted in accordance with OMB Circular A-133, which requires a disclosure of the financial activities of all federally funded programs. To comply with A-133 and state requirements, the Schedule of Federal Awards and the Schedule of State Financial Assistance was prepared for the Mt. San Antonio Community College District on the modified accrual basis of accounting.

B. Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the Mt. San Antonio 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 all funds as reported on the Form CCFS-311.

D. Schedule of Financial Trends and Analysis

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

E. Schedule of Budgetary Comparison for the Combined General Fund

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

We have audited the basic financial statements of Mt. San Antonio Community College District (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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.

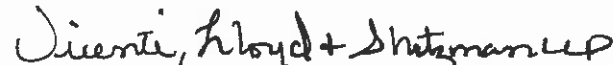
**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mt. San Antonio Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 10-1.

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

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


VICENTI, LLOYD & STUTZMAN LLP

November 15, 2010



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

Board of Trustees
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

Compliance

We have audited the compliance of Mt. San Antonio Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

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

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Board, the California Department of Finance, the State Chancellor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


VICENTI, LLOYD & STUTZMAN LLP

November 15, 2010



REPORT ON STATE COMPLIANCE

Board of Trustees
Mt. San Antonio Community College District
1100 North Grand Avenue
Walnut, California 91789

We have audited the basic financial statements of Mt. San Antonio Community College District, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 2010.

Our audit was made in accordance with auditing standards generally accepted in the United States of America, and the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following state laws and regulations in accordance with the Chancellor's Office's California Community Colleges Contracted District Audit Manual (CDAM). Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination:

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

REPORT ON STATE COMPLIANCE

- Whether the District has acted to ensure that the residency of each student is properly classified and that only the attendance of California residents is claimed for apportionment purposes.
- Whether the District claimed for apportionment purposes only the attendance of students actively enrolled in a course section as of the census date.
- Whether District has complied with all requirements necessary to claim FTES for the attendance of concurrently enrolled K-12 pupils.
- For programs not impacted by the provisions of Education Code Section 84043, whether the District had local funds to support at least 75 percent of the credit matriculation activities and that all matriculation expenditures are consistent with the District's State approved matriculation plan.
- For programs impacted by the provisions of Education Code Section 84043, whether the District held a regularly scheduled public hearing before funds were redirected and whether the funds were redirected among designated programs.
- Whether the Gann Limit Calculation was properly calculated and supported by adequate documentation.
- Whether the District is reporting the total amount that students should have paid for enrollment fees for the purpose of determining the District's share of annual apportionment.
- Whether the District expended CalWORKS program State and TANF funds to provide specialized student support services, curriculum development, or instruction to eligible CalWORKS students.
- Whether the District spent an amount equal to or greater than the amount provided by the State for scheduled maintenance and special repairs. Funds provided by the State must be to supplement, not supplant, District scheduled maintenance funds. The amount expended for plant maintenance and operations during the base year of 1995-96 was \$7,096,615.
- Whether all District courses that qualify for State apportionment are open to enrollment by the general public unless specifically exempted by statute.
- Whether the District has adopted policies or regulations regarding the authority of the District to require students to provide various types of instructional materials and whether the District has advised students of the exemptions from payment of health fees and established a process to ensure that students may claim the exemptions.

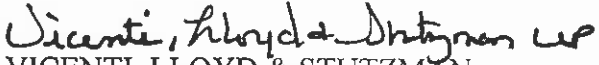
REPORT ON STATE COMPLIANCE

In our opinion, except for finding 10-01 described in the accompanying schedule of findings and questioned costs, Mt. San Antonio Community College District complied with the compliance requirements for the state programs listed and tested above. Nothing came to our attention as a result of the aforementioned procedures to indicate that Mt. San Antonio Community College District had not complied with the terms and conditions of state assisted educational programs not selected for testing.

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

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

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


VICENTI, LLOYD & STUTZMAN LLP

November 15, 2010

FINDINGS AND QUESTIONED COSTS

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS

June 30, 2010

Financial Statements

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

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

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

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

Identification of major programs tested:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.000, 84.007, 84.033, 84.038, 84.063, 84.268 and 84.375	Student Financial Assistance Cluster of Programs
84.002	Workforce Investment Act Title II: Adult Education and Family Literacy Act, Section 225/231
84.394	American Recovery and Reinvestment Act: State Fiscal Stabilization Funds

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS**

June 30, 2010

**FINDING 10-01 – STATE COMPLIANCE: STUDENT FEES –
INSTRUCTIONAL MATERIAL FEES AND HEALTH FEES**

Original Finding 09-02

Finding: As defined by the California Code of Regulations Sections 59400-59407, Instructional and Other Materials, any instructional material purchased by the student from the District must have both continuing value to the students outside of the classroom setting and must be tangible personal property that is owned or primarily controlled by the student. Such materials include, but are not limited to, textbooks, tools, equipment, clothing, and those materials, which are necessary for a student's vocational training and employment. Additionally, the District may require students to purchase required instructional materials from the District if it can demonstrate that it supplies the materials more cheaply than elsewhere and at the District's actual cost. During our testing of instructional materials fees for 13 courses, it was determined that:

- The District had inadvertently charged students a \$4 fee for the Computer Graphics Web Design course (ARTC 74)
- Students were charged fees to help defray the cost of food and cleaning supplies in cooking courses (HRM 54 & NF 20)
- For all 13 courses tested, the District was not able to justify that students were not charged more than the District's actual cost of the materials

Recommendation: The District must continue efforts to review all materials fees charged to determine if they meet the criteria of a) have continuing value to the students outside the classroom setting, b) are tangible personal property that is owned or primarily controlled by the student, and c) students are charged less than the actual costs of the materials. Fees charged for classes that do not meet the criteria should not be imposed.

District Response: The District will implement an annual review of materials fees charged to students to determine accuracy of the fees charged and to systematically review all courses with material fees to ensure that they meet the regulations established by the State. After such review, the fees will be sent to the Board of Trustees for approval before the beginning of the Fall Semester.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

June 30, 2010

There were no findings and questioned costs related to federal awards for the year ended June 30, 2010.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2010

Original Finding No.	Finding	Recommendation	Current Status
09-1	<p><u>OTHER POSTEMPLOYMENT BENEFITS TRUST OVERSIGHT</u></p> <p>At the February 27, 2008 meeting of the Board of Trustees, the Trustees approved a resolution authorizing the establishment of an Investment Committee to provide oversight of OPEB Trust investments. Oversight of investments includes, but is not limited to, adopting an investment policy and ongoing evaluation of investments and/or investment advisors. In addition the Board of Trustees approved a resolution authorizing the establishment of an Administrative Committee to provide oversight of the administration of the Trust. Oversight of the administration of the Trust includes, but is not limited to, ensuring the plan administrator execute agreements, complies with the terms of the Trust and provides plan level accounting, if requested.</p>	<p>To meet the fiduciary responsibilities of both Committees, the District should ensure that responsibilities are clearly documented. Committee meetings should be held periodically with meeting discussions and/or approvals formally documented in minutes. Formal documentation will form the basis from which the District demonstrates its compliance with its fiduciary obligations.</p>	<p>Implemented.</p>
	<p>Based on the information provided during the audit, it appears that as of the audit date, the Investment and Administrative Committees have not met to discuss OPEB Trust compliance. There is no documentation to support that the investment policy, including risk tolerance, has been adopted, that a review of the Trust portfolio and/or evaluation of the investment advisor has occurred or that other compliance issues such as review of the status of an actuarial study or approval of annual reporting procedures by the trustee have been discussed.</p>		

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2010

Original Finding No.	Finding	Recommendation	Current Status
09-2	<p><u>STATE COMPLIANCE: STUDENT FEES - INSTRUCTIONAL MATERIAL FEES AND HEALTH FEES</u></p> <p>As defined by the California Code of Regulations Sections 59400-59407, Instructional and Other Materials, any instructional material purchased by the student from the District must have both continuing value to the students outside of the classroom setting and must be tangible personal property that is owned or primarily controlled by the student. Such materials include, but are not limited to, textbooks, tools, equipment, clothing, and those materials, which are necessary for a student's vocational training and employment. During our testing of instructional materials fees for 10 courses, it was determined that the District had inadvertently charged students a \$4 fee for the Computer Graphics Web Design course (ARTC 74); in addition, students were charged fees to help defray the cost of food and cleaning supplies in cooking courses (HRM 54 & NF 20).</p>	<p>The District must continue efforts to review all materials fees charged to determine if they meet the criteria of a) have continuing value to the students outside the classroom setting and b) are tangible personal property that is owned or primarily controlled by the student. Fees charged for classes that do not meet the criteria should not be imposed.</p>	<p>Not implemented. See current year finding 10-01.</p>

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
 June 30, 2010

Original Finding No.	Finding	Recommendation	Current Status
09-3	<p>STATE COMPLIANCE: CONCURRENT ENROLLMENT</p> <p>Districts are only authorized to admit K-12 pupils to the extent that the K-12 school district has made a determination that the student is prepared for college level course work. Therefore, the District should require the K-12 school district to complete a document certifying this determination has been made for that student and records should be kept on file for audit purposes as prescribed by California Code of Regulations, Title 5, Section 59026(b). Although the District has complied with this requirement in the past, certifying documents for fiscal year 2008-09 were erroneously destroyed before being scanned.</p>	<p>The District should establish procedures to ensure written recommendations and authorization forms signed by the principal are properly maintained.</p>	<p>Implemented.</p>

CONTINUING DISCLOSURE INFORMATION

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
June 30, 2010

Assessed valuation for fiscal year 2009-10	\$64,271,360,340	(2)
Secured tax levies for fiscal year 2009-10	\$ 14,719,471	(1)
Secured tax delinquencies for fiscal year 2009-10	\$ 557,347	(1)
Secured tax collections for fiscal year 2009-10	\$ 14,162,124	(1)

2009-10 LARGEST LOCAL SECURED TAXPAYERS
MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT (2)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2009-10 Assessed Valuation</u>	<u>% of Total (3)</u>
1.	Industry East Land LLC	Industrial	\$ 206,141,707	0.32%
2.	Puente Hills Mall LLC	Shopping Center	180,426,577	0.28
3.	Fairway Sub A-E LLC	Industrial	153,930,992	0.24
4.	Plaza West Covina LLC	Shopping Center	147,138,400	0.23
5.	James Campbell Company LLC	Commercial	127,669,300	0.20
6.	JCC California Properties LLC	Shopping Center	122,882,440	0.19
7.	Eastland Shopping Center LLC	Shopping Center	102,315,093	0.16
8.	Crow Family Holdings Industrial LP	Industrial	95,760,003	0.15
9.	Realty Associates Funds	Industrial	79,591,942	0.12
10.	Santee Dairies Inc.	Food Processing	70,773,784	0.11
11.	Standard Pacific of Walnut Hills Inc.	Vacant Residential	65,746,731	0.10
12.	UDR the Crest LP	Apartments	65,124,859	0.10
13.	Metropolitan Life Insurance Co.	Office Building	61,750,673	0.10
14.	Gateway Crescent LLC	Office Building	56,865,000	0.09
15.	IKEA Property Inc.	Commercial	55,874,233	0.09
16.	Centro Watt Property Owner II LLC	Shopping Center	55,344,226	0.09
17.	SP Torrey Pines LLC	Apartments	54,755,600	0.09
18.	KTR Pomona LLC	Industrial	54,723,000	0.09
19.	PPC WR Apartments LLC	Apartments	51,483,127	0.08
20.	Eastland Tower Partnership	Office Building	<u>51,124,777</u>	<u>0.08</u>
			<u>\$1,859,422,464</u>	<u>2.89%</u>

- (1) Information obtained from the Los Angeles County Auditor-Controller's Office.
(2) Information obtained from California Municipal Statistics, Inc.
(3) % of total assessed valuation for fiscal year 2009-10 of \$64,271,360,340.