

**SOUTH BAY REGIONAL PUBLIC SAFETY  
TRAINING CONSORTIUM**

**AUDIT REPORT**

**JUNE 30, 2012**

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM  
TABLE OF CONTENTS  
JUNE 30, 2012**

---

<b><u>FINANCIAL SECTION</u></b>	<b><u>PAGE NUMBER</u></b>
Independent Auditor's Report	1
Management's Discussion and Analysis	2-10
<b><u>Basic Financial Statements</u></b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	11
Statement of Activities	12
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Notes to the Basic Financial Statements	17-27
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP) General Fund	28
<b><u>SUPPLEMENTARY INFORMATION SECTION</u></b>	
Organization	29
<b><u>OTHER INDEPENDENT AUDITOR'S REPORTS</u></b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
<b><u>FINDINGS AND RECOMMENDATIONS SECTION</u></b>	
Summary of Auditors' Results	32

# Wang & Chou Accountancy Corp.

28 North First Street, Suite 900  
San Jose, CA 95113  
Tel: 408-998-1688  
Fax: 408-998-1689

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
South Bay Regional Public Safety Training Consortium  
San Jose, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Bay Regional Public Safety Training Consortium as of and for the year ended June 30, 2012, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Consortium'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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Bay Regional Public Safety Training Consortium as of June 30, 2012, and the results of its operations, changes in net assets and, where applicable, cash flows, thereof for the 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 August 31, 2012 on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 2 through 10 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Consortium's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

San Jose, California  
August 31, 2012

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

Our discussion of the South Bay Regional Public Safety Training Consortium's, ("SBRPSTC or Organization"), financial performance provides an overview of the organization's activities for the fiscal year ended June 30, 2012. Please read this Management Discussion and Analysis (MD & A) in conjunction with SBRPSTC's financial statements (including notes and supplementary information).

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 11 and 12 provide information about the activities of SBRPSTC as a whole and present a longer-term view of SBRPSTC's finances. For governmental activities, these statements inform how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report SBRPSTC's operations in more detail than the government-wide statements by providing information about SBRPSTC's most significant funds.

**FINANCIAL HIGHLIGHTS**

- The Organization's financial status declined over the past year. Over the course of the year, total net assets decreased by approximately 25.10%.
- Statement of Activities expenses exceeded revenues by 611,907. Overall revenues were \$7,647,367 and overall expenditures were \$8,259,274.
- Contributing to SBRPSTC's budget shortfall was the continued State of California fiscal budget crises. As California funding for public safety training and Community College revenues were considered budget reduction areas by the State of California, the colleges and agencies that SBRPSTC serves decreased their training and FTES commitments in anticipation of budgetary reductions. Training reductions resulted in smaller class sizes resulting in a higher cost per class and greater difficulty in providing courses to JPA member colleges that generate FTES revenue.
- Senior management continued to take furlough day salary reductions in an effort to further preserve the organizations financial reserves.
- FTES that SBRPSTC produces for its member JPA Colleges decreased by approximately 339 FTES or 15.2% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management Discussion and Analysis. The three sections together provide a comprehensive overview of SBRPSTC. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, organization-wide and funds.

- Organization-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the organization's overall financial position.
- Individual parts of the organization, which are reported as fund financial statements, focus on reporting SBRPSTC's operations in more detail. These fund financial statements comprise the remaining statements.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

- Basic services funding (i.e., Full Time Equivalent funding) is described in the governmental funds statements. These statements include short-term financing and balances remaining for future spending.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain more of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements. A comparison of SBRPSTC's budget for the year is included.

**The Statement of Net Assets and the Statement of Activities**

The Organization as a whole is reported in the organization-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the organization's assets and liabilities are included in the statement of net assets. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

SBRPSTC's financial health or position (net assets) can be measured by the difference between the organization's assets and liabilities.

- Increases or decreases in the net assets of the Organization over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of classroom buildings and other facilities, and changes in the FTES base of the Organization need to be considered in assessing the overall health of SBRPSTC.

In the Statement of Net Assets and the Statement of Activities, we divide the organization into two kinds of activities:

- Governmental activities:

The basic services provided by the organization, such as instruction, administration, and facilities are included here. JPA member FTES commitments and contract classes finance most of these activities.

- Business-type activities:

At present, SBRPSTC does not have any business-type activities.

## **FUND FINANCIAL STATEMENTS**

More detailed information about SBRPSTC's most significant funds—not the organization as a whole—is provided in the fund financial statements. Funds are accounting devices the Organization uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law.
- Other funds are established by SBRPSTC to control and manage money for particular purposes (such as deferred maintenance and capital projects).

The Organization has only one type of fund:

- **Governmental funds:**

Most of SBRPSTC's basic services are included in governmental funds, which generally focus on:

1. How cash and other financial assets can readily be converted to cash flow (in and out).
2. The balances left at year-end that are available for spending.

The Organization has one major governmental fund: the general fund. All other funds are not considered major, i.e., the capital projects fund, deferred maintenance fund and self insurance fund. All governmental funds cash, except for credit card and payroll bank accounts, reside and are maintained by the Santa Clara County Treasury.

A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing SBRPSTC's programs. Because this information does not encompass the additional long-term focus of the organization-wide statements, additional information is provided at the bottom of the governmental fund statements that explains the differences (or relationships) between them.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

**Table 1: Net Assets**

	Governmental Activities	
	2012	2011
<b>Assets</b>		
Cash	\$ 1,507,957	\$ 2,512,720
Accounts receivable, net	845,969	588,062
Inventory	258,482	206,556
Prepaid expenses	47,113	32,841
Capital assets, net	695,622	835,213
Total assets	<u>\$ 3,355,143</u>	<u>\$ 4,175,392</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,178,973	\$ 1,445,470
Other liabilities	273,567	223,813
Long-term liabilities	81,121	72,720
Total liabilities	<u>1,533,661</u>	<u>1,742,003</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	686,782	835,213
Unrestricted	1,134,700	1,598,176
Total net assets	<u>\$ 1,821,482</u>	<u>\$ 2,433,389</u>

The Organization's combined net assets decreased by \$611,907 or 25.10% over the prior June 30, 2011 fiscal year. Most of the decline in the Organization's financial position was as a result of the need to maintain expenditure levels to operate public safety training program commitments. Total assets decreased by 19.6% or \$820,249 and total liabilities decreased by 12.0% or \$208,342.

Assets decreased as cash starved governmental agency partners continued the use of their training credit reserves maintained by SBRPSTC. Since SBRPSTC retains many agency training credit liability balances on behalf of the participating agency, cash reserves are segregated within the SBRPSTC accounting books and records to offset the net changes related to the agency liability. As agencies request funds for their instructional use needs, overall SBRPSTC cash decreases.

Liability decreases are primarily a result of paying down of vendor accounts payable and training credit liability balances.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

**Table 2: Changes in Net Assets**

	Governmental Activities	
	2012	2011
<b>Revenues:</b>		
Apportionment	\$ 4,704,862	\$ 5,516,528
Student services	1,061,425	1,129,576
Grants	85,464	60,405
Contracts and fees	1,134,117	564,794
Rents and leases	476,147	586,729
Other revenue	185,352	72,810
Total Revenues	<u>7,647,367</u>	<u>7,930,842</u>
<b>Expenditures:</b>		
Instruction	4,356,097	4,504,650
Supervision of Instruction	497,854	530,961
Instructional support	451,474	294,808
Instructional technology	166,683	109,755
Organization administration	2,632,999	2,805,984
Depreciation	154,167	158,864
Total expenditures	<u>8,259,274</u>	<u>8,405,022</u>
Excess (deficiency) before special items and transfers	<u>\$ (611,907)</u>	<u>\$ (474,180)</u>

FTES decreased by 339 units or 15.2% as measured from June 30, 2011 (2,226 FTES) to June 30, 2012 (1,887 FTES). Overall, from the fiscal year ending June 30, 2011 to June 30, 2012, apportionment revenue decreased by \$811,666. Apportionment revenue decreased primarily as a result of decreases in FTES funding levels from member JPA Community Colleges.

Total revenue decreased by \$283,475 or 3.6% and total expenditures decreased by \$145,748 or 1.7% from June 30, 2011 to June 30, 2012.



**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

**FINANCIAL ANALYSIS OF THE ORGANIZATION'S FUNDS**

**General Governmental Functions**

SBRPSTC's governmental funds reported a combined fund balance of \$1,203,915 at June 30, 2012, which is \$458,702 below last year's total of \$1,662,617. Below is an analysis of the organization's fund balances and the total change in fund balances from the prior year.

**Table 3: Organization's Fund Balances**

	<u>Fund Balance</u> <u>June 30, 2012</u>	<u>Fund Balance</u> <u>June 30, 2011</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 1,146,417	\$ 1,627,851	\$ (481,434)
Non-Major Funds:			
Deferred Maintenance	22,199	34,766	(12,567)
Special Reserve-Capital Projects	-	-	-
Self Insurance	35,299	-	35,299
Total	<u>\$ 1,203,915</u>	<u>\$ 1,662,617</u>	<u>\$ (458,702)</u>

Major Funds:

The change in fund balance within the General Fund is primarily due to a reduction of FTES support of approximately 15.2% or 339 FTES, a \$70,000 transfer from the general fund to the self-insurance fund, and increases in community college course registration costs.

Non-Major Funds:

During the year, according to plan, the Deferred Maintenance fund incurred expenditures for various equipment and software maintenance upgrades that will continue with planned expenditures into the next fiscal year. The Self Insurance fund incurred \$35,299 in anticipated costs.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

**General Fund Budgetary Highlights**

SBRPSTC's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting.

The organization completed several state and local contracts; however, those contracts were primarily pass-through contracts where SBRPSTC did not receive any material benefit. Total organizational actual expenditures were less than budgeted expenditures by \$1,445,345.

Overall, budgeted schedule of revenues, expenditures and changes in fund balance budgeted revenues of \$5,932,159 were exceeded by actual revenues of \$7,649,517 with a net increase of \$1,717,358. Actual expenditures of \$8,060,951 were greater than budgeted expenditures of \$6,615,606 by \$1,445,345.

Budgeted expenditures exceeded budgeted revenues by \$683,447; however, actual expenditures exceeded actual revenues by \$411,434.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

SBRPSTC's investment in capital assets amounts to \$686,782 (net of accumulated depreciation and related debt). This investment is primarily comprised of vehicles, copiers, computers and other equipment.

The Organization's total capital assets at cost remained unchanged over the prior year.

**Table 4: Capital Assets**

	Organization Total		Total Percentage Change 2012 - 2011
	Governmental Activities		
	2012	2011	
Equipment	\$ 799,049	\$ 851,626	-6.2%
Furniture	54,783	54,783	0.0%
Vehicles	2,204,177	2,204,177	0.0%
Building Improvements	379,662	379,662	0.0%
<b>Total</b>	<b>\$ 3,437,671</b>	<b>\$ 3,490,248</b>	<b>-1.5%</b>

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

**Long-Term Debt**

The organization continues to maintain a very conservative approach to increasing debt. The organization added debt in order to replace the aging primary copy reproduction machine at a cost of approximately \$14,500.

Compensated absences have increased by 2.2% as the organization has set limits on the amount of vacation accrual time that an employee may carry forward from year to year.

**Table 5: Outstanding Debt, at Year-End**

	Consortium Total Governmental Activities		Total Percentage Change
	2012	2011	2012 - 2011
Compensated absences	\$ 228,556	\$ 223,697	2.2%
Capital leases	8,840	-	100.0%
Total	<u>\$ 237,396</u>	<u>\$ 223,697</u>	<u>6.1%</u>

**ECONOMIC FACTORS BEARING ON THE ORGANIZATION’S FUTURE**

The impacts of changes in providing public safety training and paying for the costs of such training and associated retirement and health benefit costs have changed over the past years. SBRPSTC expects the costs of health benefits, training and retirement costs to continue to increase in the future. We continue to observe and experience increases in public safety training costs and registration fees impacting the hiring practices of our regional partner agencies and how they allocate their resources to pay for the training they require.

For our future, we continue to innovate in how instruction is offered to students and are always exploring new innovative methods in which the organization can continue providing the highest quality of instruction at all levels. While we expand our entry-level training in all disciplines and the delivery of field training programs and in-service training, we are in the fourth year of cultivating and expanding our services into areas such as WSTB – Physical Abilities and CritiCall testing for dispatchers.

Improvements in the management, oversight and delivery of basic police academy and law enforcement related programs have been recognized by those associated with our organization and in many instances South Bay has been commended on the professionalism in which these results were achieved.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2012**

---

South Bay's strategic planning for the future includes building capacity and efficiency in all of our service and instruction areas, maintaining our superior level of service, equipment and on-site support staff services while planning for the reduction of administrative costs. South Bay has been evaluating the financial viability of the Basic Academy Module known as BAM and has decided to discontinue offering BAM next fiscal year.

In order to preserve South Bay's financial reserves further, other cost saving measures have been implemented such as the senior officers continue to take furlough salary reductions.

In order to maintain compatibility with our member JPA Colleges and agencies we serve, we will attempt to maintain our current quality of instruction, encourage regional growth, streamlining facilities and services usage, and invest in limited technology and software that is only critical to operations.

Long-term strategic plans include expansion of services such as WSTB and CrtiCall, increasing JPA membership, and forming new alliances with other organizations that can bring additional value added services to the agencies we serve.

As we project and implement the expansion of comprehensive services offered, apportionment and fee-base courses will produce a need to potentially increase our annual FTES base. An increase in FTES base coupled with additional revenue programs, such as simulated instruction, increased private sector training to support public safety needs, and expansion of existing services will help to off-set the high cost associated with instruction, the resources needed to deliver such training, and any increase in student/course fees.

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the organization's finances and to show the organization's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, please contact Steven Cushing, President or Michael Lombardo, Vice President of Administrative Services, South Bay Regional Public Safety Training Consortium at 3095 Yerba Buena Rd., San Jose, CA 95135-1598.

**South Bay Regional Public Safety Training Consortium**  
Statement of Net Assets  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash (Note 2)	\$ 1,507,957	\$ -	\$ 1,507,957
Accounts receivable	849,676	-	849,676
Allowance for doubtful accounts	(3,707)	-	(3,707)
Inventory	258,482	-	258,482
Prepaid expenses	47,113	-	47,113
Equipment (Note 5)	799,049	-	799,049
Furniture & fixtures (Note 5)	54,783	-	54,783
Vehicles (Note 5)	2,204,177	-	2,204,177
Buildings & improvements (Note 5)	379,662	-	379,662
Less accumulated depreciation (Note 5)	(2,742,049)	-	(2,742,049)
Total assets	<u>\$ 3,355,143</u>	<u>\$ -</u>	<u>\$ 3,355,143</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 1,178,973	\$ -	\$ 1,178,973
Deposits	90,867	-	90,867
Deferred revenue	26,425	-	26,425
Long-term liabilities:			
Due within one year:			
Compensated absences (Note 1, 7)	153,212	-	153,212
Capital leases (Note 6)	3,063	-	3,063
Total due within one year	<u>156,275</u>	<u>-</u>	<u>156,275</u>
Due after one year:			
Compensated absences (Note 1, 7)	75,344	-	75,344
Capital leases (Note 6)	5,777	-	5,777
Total due after one year	<u>81,121</u>	<u>-</u>	<u>81,121</u>
Total liabilities	<u>1,533,661</u>	<u>-</u>	<u>1,533,661</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	686,782	-	686,782
Unrestricted	1,134,700	-	1,134,700
Total net assets	<u>\$ 1,821,482</u>	<u>\$ -</u>	<u>\$ 1,821,482</u>

The notes to the financial statements are an integral part of this statement.



**South Bay Regional Public Safety Training Consortium**Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash (Note 2)	\$ 1,451,452	\$ 57,498	\$ 1,508,950
Accounts receivable	842,554	-	842,554
Allowance for doubtful accounts	(3,707)	-	(3,707)
Inventory	258,482	-	258,482
Prepaid expenses	47,113	-	47,113
Total assets	<u>\$ 2,595,894</u>	<u>\$ 57,498</u>	<u>\$ 2,653,392</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 1,178,973	\$ -	\$ 1,178,973
Deposits	90,867	-	90,867
Deferred revenue	26,425	-	26,425
Compensated absences	153,212	-	153,212
Total liabilities	<u>1,449,477</u>	<u>-</u>	<u>1,449,477</u>
Fund balances:			
Reserved for:			
Stores inventories	258,482	-	258,482
Undesignated, reported in:			
General fund	887,935	-	887,935
Capital project fund	-	-	-
Deferred maintenance fund	-	22,199	22,199
Self Insurance fund	-	35,299	35,299
Total fund balances	<u>1,146,417</u>	<u>57,498</u>	<u>1,203,915</u>
Total liabilities and fund balances	<u>\$ 2,595,894</u>	<u>\$ 57,498</u>	<u>\$ 2,653,392</u>

The notes to the financial statements are an integral part of this statement.

**South Bay Regional Public Safety Training Consortium**  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets  
June 30, 2012

---

Total fund balances - governmental funds	\$ 1,203,915
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The historical cost of these assets is \$3,437,671 and the accumulated depreciation is \$2,742,049.	695,622
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds.	(84,184)
Cash held in and under administration by the County of Santa Clara is adjusted to fair market value	6,129
Total net assets - governmental activities	<u>\$ 1,821,482</u>

The notes to the financial statements are an integral part of this statement.



**South Bay Regional Public Safety Training Consortium**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2012

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Apportionment	\$ 4,704,862	\$ -	\$ 4,704,862
Student services	1,061,425	-	1,061,425
Grants	85,464	-	85,464
Contracts and fees	1,134,117	-	1,134,117
Rents and leases	476,147	-	476,147
Miscellaneous	175,523	-	175,523
Interest	11,979	-	11,979
Total Revenues	<u>7,649,517</u>	<u>-</u>	<u>7,649,517</u>
<b>Expenditures:</b>			
Instruction	4,321,396	34,701	4,356,097
Supervision of Instruction	497,854	-	497,854
Instructional support	457,210	-	457,210
Instructional technology	154,608	12,075	166,683
Organization administration	2,629,883	492	2,630,375
Total expenditures	<u>8,060,951</u>	<u>47,268</u>	<u>8,108,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(411,434)</u>	<u>(47,268)</u>	<u>(458,702)</u>
Other financing sources (uses):			
Operating tranferes in	-	70,000	70,000
Operating tranferes out	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(481,434)</u>	<u>22,732</u>	<u>(458,702)</u>
Fund balances, July 1, 2011	<u>1,627,851</u>	<u>34,766</u>	<u>1,662,617</u>
Fund balances, June 30, 2012	<u>\$ 1,146,417</u>	<u>\$ 57,498</u>	<u>\$ 1,203,915</u>

The notes to the financial statements are an integral part of this statement.

**South Bay Regional Public Safety Training Consortium**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the Statement of Activities  
June 30, 2012

---

Net changes in fund balances - governmental funds	\$ (458,702)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense \$154,167 exceeded capital outlays \$70,177 in the current period.	(83,990)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In governmental funds, however expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This years non-current effect on compensated absences is \$75,344.	(75,344)
Cash held in and under administration by the County of Santa Clara is adjusted to fair market value	6,129
Total net assets - governmental activities	<u>\$ (611,907)</u>

The notes to the financial statements are an integral part of this statement.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by The Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). All funds of South Bay Regional Public Safety Training Consortium (the Consortium) are presented within the accompanying statements. The accounting policies of the consortium conform to generally accepted accounting principles. The following fund types and account groups are used by the Consortium:

**Governmental Fund Types**

**Government-wide Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the consortium and its component units. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation and brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the consortium's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The consortium does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the consortium, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the consortium.

**Fund Financial Statements:**

Fund financial statements report detailed information about the consortium. The focus of governmental fund financial statements pertains to major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the consortium, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the consortium receives value without directly giving equal value in return, include grants, and entitlements. Under the accrual basis, revenue from apportionment are recognized in the fiscal year for which the apportionment is earned. Revenue from grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the consortium must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the consortium on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Regarding governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

When considering accrual basis of accounting, expenses are recognized at the time a liability is incurred. Regarding modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the consortium’s policy to use restricted resources first, then unrestricted resources as they are needed.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**Fund Accounting**

The accounts of the consortium are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Consortium resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The consortium's accounts are organized into two broad categories, which in aggregate include three fund types as follows:

**Major Governmental Funds:**

- The *General Fund* is the general operating fund of the consortium. It is used to account for all financial resources except those required to be accounted for in another fund.

**Non-Major Governmental Funds:**

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The consortium maintains two non-major special revenue funds:

- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of consortium property and equipment.
- The Self Insurance Fund is used to account for liability, workers compensation, and other insurance needs of the organization in addition to or beyond what can be insured by outside sources.

*Capital Projects Funds* are used to account for the acquisition and/or construction of all major governmental general fixed assets. The consortium maintains one non-major capital project fund.

- The Capital Facilities Fund is used to account for the acquisition and/or construction of all major governmental general fixed assets.

**Budgets and Budgetary Accounting**

Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the consortium's governing board must adopt a tentative budget no later than July 1. A public hearing is conducted to receive comments prior to adoption. The consortium's governing board satisfied these requirements.

These budgets are revised by the consortium's governing board and consortium executive director during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The consortium employs budget control at the chart of account major object code level. Expenditures cannot legally exceed appropriations by major object account.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**Encumbrance Accounting**

Encumbrance Accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

**Assets, Liabilities, and Equity**

1. *Deposits and Investments*

Cash balance held in banks and in revolving funds are insured to \$200,000 by the Federal Depository Insurance Corporation.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, investments are stated at fair value. Fair value is estimated based on published market prices at year-end. The consortium maintains substantially all of its cash in the Santa Clara County Treasury. The county pools these funds with those of other governmental organizations in the county and invests the cash. Interest earned is deposited quarterly into participating funds. Any investment gains or losses are proportionately shared by all funds in the pool.

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

2. *Stores Inventories and Prepaid Expenditures*

Inventories are recorded using the purchases method in that costs are recorded as expenditures at the time individual inventory items are purchased. Inventories are valued at cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The consortium has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The consortium has chosen to report the expenditure during the benefiting period.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the consortium. A liability for these amounts are reported in the governmental funds only if the benefit has matured, for example, as a result of an employee's resignation and retirement or earned available balance at year-end.

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Consortium in the government-wide financial statements. For fund accounting purposes, the current portion of the liabilities are recognized in the general fund at year-end while the non-current portion of the liabilities are recognized in the government-wide financial statements within the Statement of Net Assets.

Accumulated sick leave benefits are not recognized as liabilities of the Consortium. The Consortium'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.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

In the fund financial statements, governmental funds recognize long-term debt and other long-term obligations during the current period.

**Fund Balance Reserves and Designations**

Reservations of the ending fund balance indicate the portions of fund balance not appropriated for expenditures or amounts legally segregated for a specific future use. The reserve for Inventory reflects the portions of fund balance represented by supplies inventory. This amount is not available for appropriation and expenditure at the balance sheet date.

**Total Columns on Combined Financial Statements**

Total columns on the Combining Balance Sheet are captioned *Memorandum (Memo) Only* in order to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Interfund elimination's have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**Fixed Assets and Depreciation**

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining sidewalks, fencing, outdoor	20
Buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air systems	20
Roofing		20
Interior construction	Leasehold improvements	20 - 25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers,	20
Machinery & tools	Shop & maintenance	10 - 15
Custodial equipment	Floor scrubbers, vacuums,	10 - 15
Furniture & accessories	Classroom & other furniture	10 - 20
Business machines	Fax, duplicating & printing	7 - 10
Copiers		7 - 10
Communication equipment	Mobile, portable radios	3 - 7
Computer hardware	PCs, printers, network	3 - 5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still &	5 - 10
Athletic equipment	Wrestling mats, weight	7 - 10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	7 - 10



**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**2. CASH AND CASH EQUIVALENTS**

In accordance with Education Code Section 41001, the consortium maintains substantially all of its cash with the County of Santa Clara Treasury as part of a commingled common investment pool. Investments by the consortium in pools are considered unclassified as to credit risk since they are not evidenced by securities that exist in physical or book entry form. As of June 30, 2012, the County of Santa Clara, (the pool sponsor), reported that the fair market value of the consortium commingled pool share was \$1,623,897 which represents a decrease of \$768,339 over the previous year. As of June 30, 2012, the cash balance of the consortium held within the County of Santa Clara Treasury totaled \$1,070,422.

The consortium is considered to be an involuntary participant in the county external investment pool. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper and negotiable certificates of deposit. As of June 30, 2012, the fair market value of the organizations cash value of the county investment pool was (\$993).

Bank of the West cash balances described below are carried at the same amount respectively and approximate fair market value. The Federal Depository Insurance Corporation insures these deposits up to \$200,000. As of June 30, 2012 the amount in excess of Federal Depository Insurance was \$193,643. The cash and cash equivalents available to the Consortium as of June 30, 2012 were as follows:

Cash in County of Santa Clara	\$	1,070,422
Bank of the West		344,464
Bank of the West – Payroll Checking		49,179
PayPal		40,885
County Commingled Pool Share Investment		(993)
Petty Cash		4,000
Total	\$	<u>1,507,957</u>

**3. PAYROLL**

As of June 30, 2012, Consortium Certificated and Classified employees received their payroll from the Consortium and either Evergreen Community College or Gavilan Community College. Evergreen and Gavilan Community Colleges contract with the employees and the Consortium to work on behalf of the Consortium.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**4. INTERFUND TRANSACTIONS**

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**Interfund Receivables/Payables (Due From/Due To)**

As of June 30, 2012, there were no Interfund receivables and/or payables. Had there been any interfund receivables and payables pertaining to the Statement of Net Assets, such balances would have been eliminated upon consolidation within the statement of net assets.

**Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving resources to fund through which the resources are to be expended.

Interfund transfers for the 2011 – 2012 fiscal year are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Self insurance fund	General fund	\$ 70,000
Total		<u>\$ 70,000</u>

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**5. CAPITAL ASSETS AND DEPRECIATION**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Capital assets, being depreciated:				
Equipment	\$ 851,626	\$ 14,576	\$ 67,153	\$ 799,049
Furniture	54,783	-	-	54,783
Vehicles	2,204,177	-	-	2,204,177
Buildings and Improvements	379,662	-	-	379,662
Total capital assets being depreciated	<u>3,490,248</u>	<u>14,576</u>	<u>67,153</u>	<u>3,437,671</u>
Less accumulated depreciation for:				
Equipment	839,111	7,316	67,153	779,274
Furniture	42,578	2,313	-	44,891
Vehicles	1,604,449	129,348	-	1,733,797
Building Improvements	168,897	15,190	-	184,087
Total accumulated depreciation	<u>2,655,035</u>	<u>154,167</u>	<u>67,153</u>	<u>2,742,049</u>
Total capital assets being depreciated, net	<u>835,213</u>	<u>(139,591)</u>	<u>-</u>	<u>695,622</u>
Governmental activities capital assets, net	<u>\$ 835,213</u>	<u>\$ (139,591)</u>	<u>\$ -</u>	<u>\$ 695,622</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	\$ 133,973
General administration	<u>20,194</u>
Total Depreciation Expense	<u>\$ 154,167</u>

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

---

**6. LEASES**

**Capital Leases**

The consortium leases equipment valued at \$14,000 under agreement that provides for title to pass upon expiration of the lease period.

<u>Year Ending June 30</u>	<u>Lease Payments</u>
2013	\$ 4,074
2014	4,074
2015	2,376
2016	-
Thereafter	-
Total	<u>\$ 10,524</u>
Less amount representing interest	<u>(1,684)</u>
Present value of net minimum lease payments	<u>\$ 8,840</u>

The consortium will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

**7. LONG-TERM DEBT - SCHEDULE OF CHANGES**

A schedule of changes in long-term debt for the year ended June 30, 2011, is shown below:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>	<u>Due After</u>
	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2012</u>	<u>One Year</u>	<u>One Year</u>
Compensated Absences	\$ 223,697	\$ 4,859	\$ -	\$ 228,556	\$ 153,212	\$ 75,344
Capital Leases	-	10,000	1,160	8,840	3,063	5,777
Totals	<u>\$ 223,697</u>	<u>\$ 14,859</u>	<u>\$ 1,160</u>	<u>\$ 237,396</u>	<u>\$ 156,275</u>	<u>\$ 81,121</u>

**8. PENSION PLAN**

The Consortium discontinued offering its employees through "Merrill Lynch and The Hartford" a defined contribution 401(k) plan. Under this plan, the organization had contributed six percent in matching funds to all participants that contribute greater than three percent of their gross salaries into the 401(k). As of September 30, 2010 of the prior year, the consortium discontinued its six percent employer matching funds; however, participants may continue funding their 401(k) with their own funds. As of June 30, 2012, there were no participants in the pension plan and employer contributions in the 401(k) plan totaled \$0. Funds within the 401(k) program are administered by Merrill Lynch and The Hartford and are not controlled by the Consortium.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM**  
**NOTES TO FINANCIAL STATEMENTS**  
*JUNE 30, 2012*

---

**9. ECONOMIC DEPENDENCE**

Consortium apportionment revenue as presented is based upon earned contract dollars received from eight member JPA colleges that represent approximately 61% of total revenue. Three out of the eight colleges total approximately 37% of total apportionment revenue as follows: Hartnell College (13%), Monterey Peninsula College (13%), and Gavilan College (11%). As the Consortium expands its services and recruits other colleges, its economic dependency base is expected to continue to decline.

**10. COMMITMENTS AND CONTINGENCIES**

- The Consortium has received various grants/contracts from state and local governmental agencies for specific purposes that are subject to review and audit by the grantor agency. Although such audits could generate expenditure disallowances under terms of the grants or contracts, it is believed that any required reimbursement will not be material.
- The Consortium receives a significant portion of its support from eight member JPA colleges, which in turn receives a significant portion of their support from attendance and other state formula revenue means. If the member JPA colleges were to incur significant budgetary decreases in the future from the state, these sources of funding for the consortium could decrease. If this were to occur, it is management's opinion that the consortium would be able to continue most of its activities on a more limited basis through other sources of funding and services.
- The Consortium is periodically subject to claims and lawsuits which arise in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the organization.

**REQUIRED SUPPLEMENTAL INFORMATION SECTION  
AND  
SUPPLEMENTAL INFORMATION SECTION**

**South Bay Regional Public Safety Training Consortium**  
Schedule of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual (GAAP) - General Fund  
Year Ended June 30, 2012

	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
<b>Revenues:</b>				
Apportionment	\$ 4,246,943	\$ 4,246,943	\$ 4,704,862	\$ 457,919
Grants	-	-	85,464	85,464
Student services income	541,962	541,962	790,550	248,588
Fees	404,147	404,147	1,134,117	729,970
Rents and leases	468,029	468,029	476,147	8,118
Other income	256,122	256,122	446,398	190,276
Interest	14,956	14,956	11,979	(2,977)
<b>Total Revenues</b>	<b>5,932,159</b>	<b>5,932,159</b>	<b>7,649,517</b>	<b>1,717,358</b>
<b>Expenditures:</b>				
Salaries and benefits	4,039,764	4,039,764	4,343,381	(303,617)
Other operating expenses	2,212,807	2,212,807	3,256,401	(1,043,594)
Student services expense	350,167	350,167	400,307	(50,140)
Capital outlay	12,868	12,868	60,862	(47,994)
<b>Total expenditures</b>	<b>6,615,606</b>	<b>6,615,606</b>	<b>8,060,951</b>	<b>(1,445,345)</b>
Excess (deficiency) of revenues over (under) expenditures	(683,447)	(683,447)	(411,434)	272,013
<b>Other financing sources (uses):</b>				
Operating transfers-in	-	-	-	-
Operating transfers-out	70,000	70,000	70,000	-
<b>Total other financing sources (uses)</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(753,447)	(753,447)	(481,434)	272,013
Fund balance, July 1, 2011	1,627,851	1,627,851	1,627,851	-
<b>Fund balance, June 30, 2012</b>	<b>\$ 874,404</b>	<b>\$ 874,404</b>	<b>\$ 1,146,417</b>	<b>\$ 272,013</b>

The notes to the financial statements are an integral part of this statement.

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM  
 SUPPLEMENTAL INFORMATION  
 JUNE 30, 2012**

---

**1. ORGANIZATION**

The South Bay Regional Public Safety Training Consortium (SBRPSTC) began its independent operation on July 1, 1996. Its mission is to meet the educational and training needs of public safety students within the areas represented by the participating community college consortiums. Courses offered must meet a regional need of either small or large public safety agencies. At present, there are no boundaries in effect and as long as a participating community college consortium can participate, all community colleges within California are within the consortium boundaries.

**2. BOARD OF TRUSTEES**

<b><u>MEMBER</u></b>	<b><u>OFFICE</u></b>	<b><u>TERM EXPIRES</u></b>
Dr. Steve Kinsella President Gavilan Community College	Chairman of the Board	[1]
Mr. Henry Yong President Evergreen Valley Community College	Vice-Chairman	[1]
Dr. Ron Travenick Vice President of Student Development Ohlone Community College	Member	[1]
Mr. Alfred Muñoz Interim Vice President of Support Services Hartnell Community College	Member	[1]
Dr. Susan Estes Vice President of Instruction College of San Mateo	Member	[1]
Ms. Margaret Michaelis Director of Budget and Personnel De Anza Community College	Member	[1]
Dr. Doug Garrison President Monterey Peninsula College	Member	[1]
Mr. John Mummert V.P. of Workforce Development & Inst. Advancement Foothill College	Member	[1]

**ADMINISTRATION**

Mr. Steven Cushing	President
Mr. Michael Lombardo	Vice President of Administrative Services
Mr. Gregory Giusiana	Vice President of Law Enforcement Services
Ms. Linda Vaughn	Vice President of Academic Affairs

[1] Board members are appointed indefinitely at the discretion of the participating consortiums.



**OTHER INDEPENDENT AUDITOR'S REPORTS**

# Wang & Chou Accountancy Corp.

28 North First Street, Suite 900

San Jose, CA 95113

Tel: 408-998-1688

Fax: 408-998-1689

To the Board of Directors of  
South Bay Regional Public Safety Training Consortium  
San Jose, California

## **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***

We have audited the financial statements of South Bay Regional Public Safety Training Consortium as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of South Bay Regional Public Safety Training Consortium is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Consortium'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 Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium'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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Consortium's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**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*  
- *Continued***

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties.

San Jose, California  
August 31, 2012

**SOUTH BAY REGIONAL PUBLIC SAFETY TRAINING CONSORTIUM  
SUMMARY OF AUDITORS' RESULTS  
June 30, 2012**

---

**Section I – Summary of Auditor's Results**

Basic Financial Statements

Type of auditor's report issued on the financial statements: Unqualified Opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency(s) identified not considered to be material weaknesses? No

Noncompliance material to basic financial statements: No

**Section II – Financial Statement Findings**

This section identifies the reportable conditions, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*

**Audit Findings and Questioned Costs:**

- Current Year Findings and Questioned Costs None
- Prior Year Findings and Questioned Costs None