

**CHABOT-LAS POSITAS COMMUNITY
COLLEGE DISTRICT**
Dublin, California

FINANCIAL STATEMENTS
June 30, 2013

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	14
Statement of Revenues, Expenses and Change in Net Position	15
Statement of Cash Flows	16
Statement of Fiduciary Net Position	18
Statement of Change in Fiduciary Net Position	19
Notes to Basic Financial Statements	20
Required Supplementary Information:	
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	42
Note to Required Supplementary Information	43
Supplementary Information:	
Organization	44
Schedule of Expenditures of Federal Awards	45
Schedule of State Financial Awards	47
Schedule of Workload Measures for State General Apportionment	48
Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements	49
Reconciliation of EC 84362 (50 Percent Law) Calculation	50
Proposition 30 Education Protection Account (EPA) Expenditure Report	52
Notes to Supplementary Information	53

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2013

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Independent Auditor's Report on State Compliance Requirements	54
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance	58
Findings and Recommendations:	
Schedule of Audit Findings and Questioned Costs	60
Status of Prior Year Findings and Recommendations	67

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Chabot-Las Positas Community College District
Dublin, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Chabot-Las Positas Community College District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Chabot-Las Positas Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities, of Chabot-Las Positas Community College District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application being encouraged. The District has implemented this Statement retroactively for the year ended June 30, 2013 resulting in restated net position at July 1, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in limiting the use of the term deferred in financial statement presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Required Supplementary Information, such as the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 42 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chabot-Las Positas Community College District's financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents have 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 schedule of expenditures of federal awards and other supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013 on our consideration of Chabot-Las Positas Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chabot-Las Positas Community College District's internal control over financial reporting and compliance.



Crowe Horwath LLP

Sacramento, California
December 3, 2013

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Chabot-Las Positas Community College District (the District) as of June 30, 2013. The report consists of three basic financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. The report provides information about the District as a whole. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The California Community Colleges Chancellor's Office has recommended that all California community colleges follow the Business Type Activity (BTA) model for financial statement reporting purposes. This model prescribes that the districts need only issue consolidated statements. This reporting model does not require fund financial statements to be included with the districts' annual financial report.

FINANCIAL HIGHLIGHTS

The following discussion and analysis provide an overview of the District's financial activities.

Financial and Enrollment Highlights

- As of June 30, 2013, the District's total net position is \$15,519,877. Total net position of the District decreased \$36.8 million, or about 70.3%, from the previous year.
- The District's General Fund Unrestricted Balance at the end of the fiscal year increased \$1,672,679. The District continues to maintain the required 5% reserve for economic uncertainties.
- The voters within the boundaries of the Chabot-Las Positas Community College District approved Measure B on March 4, 2004. This voter approval gave the District the authority to issue up to \$498 million in General Obligation Bonds. The Board authorized the first issuance of bonds totaling \$100 million and the proceeds were in the possession of the District on August 19, 2004. On November 1, 2006, the District issued the remainder of the General Obligation Bonds authorized by Measure B in the amount of \$398 million.
- The District's Budget was designed to fund faculty, staff, direct program expenditures and support services to serve 16,203 full-time equivalent students for General Apportionment purposes for the 2012-13 year.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

- The District's salary expenses decreased by 4.5% primarily due to not filling vacant positions. Expenses for supplies, materials, capital outlay, student aid and other expenses and services decreased 3.5%, primarily related to a drop in student financial aid.
- Cost-of-living adjustment: The State budget provided a 0% cost-of-living (COLA) adjustment for apportionments.
- Enrollment Fee: In 2012-13, the enrollment fees increased from \$36 per unit to \$46 per unit to supplement the decrease in state apportionments.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

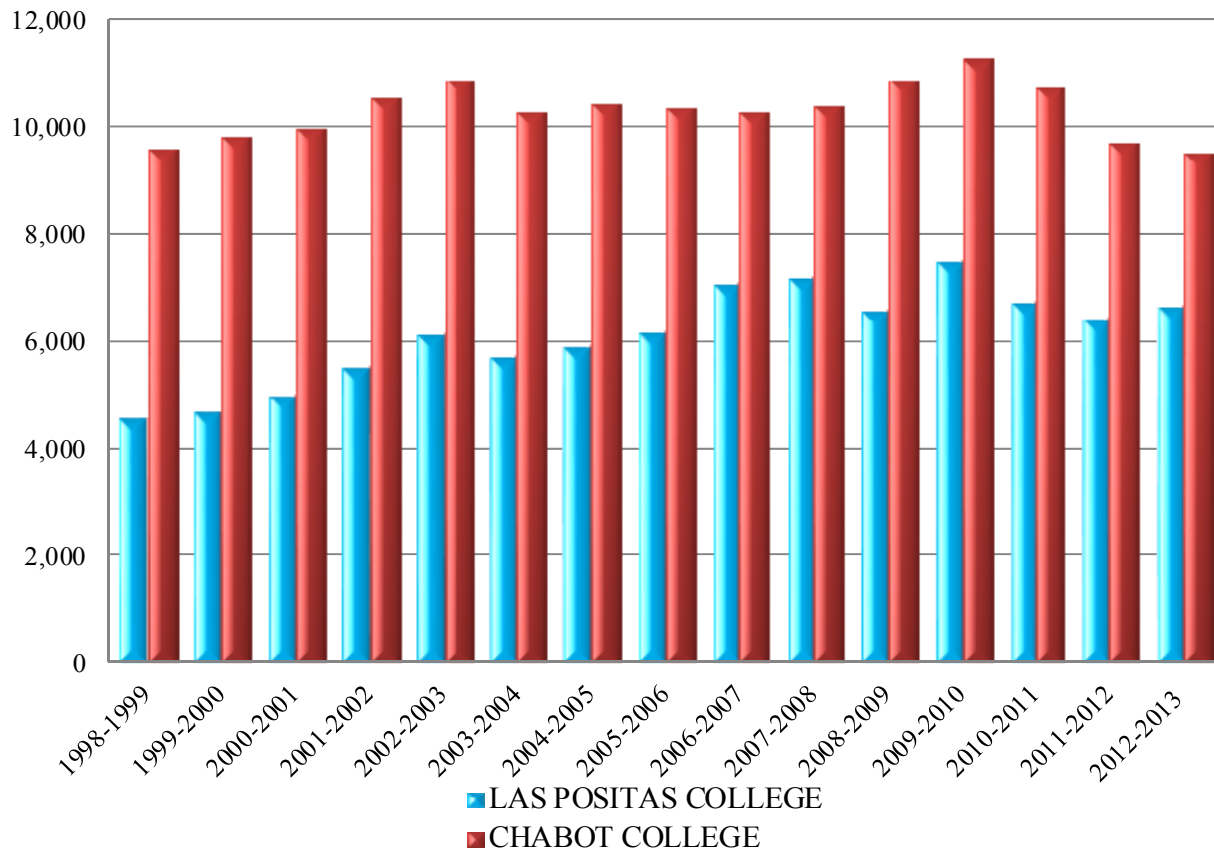
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2013

CLPCCD Full Time Equivalent Student (FTES) Enrollment

<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
1998-1999	9,636	5.1	4,581	11.8	14,217	7.1
1999-2000	9,868	2.4	4,678	2.1	14,546	2.3
2000-2001	10,005	1.4	4,982	6.5	14,987	3.0
2001-2002	10,569	5.6	5,508	10.6	16,078	7.3
2002-2003	10,928	3.4	6,120	11.1	17,048	6.0
2003-2004	10,326	(5.8)	5,707	(6.7)	16,033	(6.0)
2004-2005	10,477	1.4	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.1)	6,171	4.8	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009	10,912	4.7	6,591	(8.3)	17,503	(0.6)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)
2012-2013	9,552	(2.1)	6,651	3.2	16,203	0.0

**Full Time Equivalent Student (FTES)
Enrollment**



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net position, the difference between assets, deferred outflow of resources, and liabilities, is one way to measure the financial health of the District. Total net position of the District decreased \$36.8 million, or about 70.3%, from the previous year. The District continues to be impacted by the suppressed economic climate in California and the reduced levels of state support.

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,756,526	\$ -
Investments	-	434,558
Accounts receivable - net	25,084,980	27,673,997
Due from other funds	18,256	68,994
Prepaid expenses	2,521,213	3,018,890
Total Current Assets	47,380,975	31,196,439
NONCURRENT ASSETS		
Restricted cash and cash equivalents	155,805,421	197,851,817
Restricted investments	-	434,721
Deferred charges - net	-	4,297,604
Nondepreciable capital assets	78,564,818	83,974,690
Depreciable capital assets - net of depreciation	387,495,488	358,488,996
Total Noncurrent Assets	621,865,727	645,047,828
Total Assets	669,246,702	676,244,267
Deferred Outflow of Resources	52,022,168	-
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowing	22,500,000	3,982,352
Accounts payable	12,932,200	16,371,564
Interest payable	7,409,952	3,737,061
Unearned revenue	7,052,433	6,799,162
Compensated absences payable	1,852,756	1,913,697
Long-term liabilities - current portion	14,855,676	9,080,457
Total Current Liabilities	66,603,017	41,884,293
NONCURRENT LIABILITIES		
Long-term liabilities - noncurrent portion	639,145,976	582,060,321
Total Liabilities	705,748,993	623,944,614
NET POSITION		
Net investment in capital assets	(17,880,226)	145,592,464
Restricted - expendable	17,318,062	27,327,929
Unrestricted	16,082,041	(120,620,742)
Total Net Position	\$ 15,519,877	\$ 52,299,651

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Statement of Net Position (Continued)

The primary components of cash and short-term investments are District funds on deposit with the County Treasury and local banks.

Accounts receivable primarily represents funding owed to the District by Federal, State and local governments, as well as other sources such as tuition and fees. The amount owed to the General Fund for deferred apportionment payments is \$13.4 million. Other receivables consist of \$7.0 million due for federal, state, and local grants and contracts; \$3.4 million due for student receivables; and \$1.3 million for other local revenues.

Prepaid items primarily relate to multi-year hardware/software agreements and licenses.

Restricted cash and investments of \$155.8 million, which includes amounts restricted for repayment of debt, for use in acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the BAM. The balance of the cash and investment includes cash deposit of other major funds held in the County Treasury and other banking and financial institutions. Net capital assets represent the District's original investment in land, site improvements, buildings and equipment, less accumulated depreciation.

Accounts payable and accrued liabilities represent year-end accruals for services and goods received by the District during fiscal year 2012-13, for which payment would not be made until fiscal year 2013-14. At June 30, 2013 the Measure B Bond Construction fund owed contractors and vendors \$6.2 million, and the General Fund owed contractors, vendors and employees \$5.6 million.

Unearned revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2012-13, unearned revenues were \$7.1 million. Of this amount, \$5.3 million represents student tuition and registration fees, received during 2012-13, for the 2013-14 summer and fall terms. The other \$1.8 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2012-13 fiscal year.

The District's long-term liabilities primarily consist of general obligation bond debt, other post employment benefit obligations, and the Supplemental Employee Retirement Plans.

Net position are divided into three components – *net investment in capital assets, restricted, and unrestricted.*

Net investment in capital assets is the difference between the amount shown for capital assets and the outstanding debt incurred to finance those capital assets. At June 30, 2013 capital assets were \$466.1 million. These assets are offset by debt incurred to finance those capital assets. The related debt is the general obligation bonds.

Restricted net position represent resources that are constrained to a particular purpose. The major components of restricted net position are those restricted for debt service on the general obligation bonds, capital outlay, and grants and contracts for specific projects.

Unrestricted net position is essentially all resources not included in the first two listed above.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Statement of Revenues, Expenses, and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position represent the financial results of the District's "operations," as well as its "non-operating activities." The distinction between these two activities involves the concepts of "exchange" and "non-exchange." An operating activity is one in which a "direct payment"/exchange is made (by one party to another) for the receipt of specified goods or services, i.e., the payer is the one receiving benefit. As an example, tuition fees, paid by a student, is an "exchange" for instructional services. Likewise, grant and contract funding received (on the condition that the District provides specific contracted services), is also an "exchange." Both are therefore recorded as "operating revenue." The receipt of Pell grants, state apportionments and property taxes, however, do not include this "exchange" relationship between "payment" and the "receipt of benefit." Such revenues are deemed "non-exchange" transactions, and are therefore treated as "non-operating" activities.

Because the primary sources of funding that support the District's instructional activities come from state apportionment, and local property taxes, the financial results of the District's "operations" will result in a net operating loss.

The primary components of "tuition and fees" are the \$46 per unit enrollment fee that is charged to all students registering for classes, and the additional \$226 per unit fee that is charged to all non-resident students. The discrepancy between these fees is due to the fact that resident student instruction is largely subsidized by local property taxes and state apportionment. Non-resident students must pay for the full cost of instruction. Respectively, these two revenue-streams account for \$8.2 million and \$2.0 million. Another \$1.0 million is collected in the form of parking permits. The remainder is collected from an assortment of other student fees.

The largest component of the District's operating revenues is non-capital grants and contracts. Of these, the largest sub-components are from funding received from the Federal grants (\$7.3 million) to include funding for vocational training and higher education programs and State grants (\$6.0 million) for categorical programs, such as DSPP, EOPS, and Matriculation, to name a few. Included in local grants and contracts (\$5.8 million) are all of the contracted education services, as well as all other miscellaneous service revenue received by the District.

The principal components of the District's non-operating revenue are: non-capital state apportionment, local property taxes, other state funding, and interest income. All of this revenue supports the District's instructional activities.

The "state apportionments, capital" revenues principally represent state funding for state capital projects and deferred maintenance programs.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Statement of Revenues, Expenses and Change in Net Position (Continued)

	2013	2012
OPERATING REVENUES		
Tuition and fees	\$ 21,144,189	\$ 16,627,725
Less: Scholarship discounts and allowances	7,840,518	5,445,125
Net Tuition and Fees	13,303,671	11,182,600
Grants and contracts - noncapital:		
Federal	7,307,454	12,298,662
State	6,027,366	6,080,889
Local	5,833,359	2,310,117
Other operating revenue	-	1,331,801
Total Operating Revenues	32,471,850	33,204,069
OPERATING EXPENSES		
Salaries	64,604,545	67,645,963
Employee benefits	33,274,773	33,381,062
Supplies, materials, financial aid and other operating expenses	42,848,929	46,072,412
Depreciation	16,098,341	15,770,319
Total Operating Expenses	156,826,587	162,869,756
Operating Loss	(124,354,737)	(129,665,687)
NONOPERATING REVENUES (EXPENSES)		
State apportionments - noncapital	44,191,570	43,439,452
Local property taxes - noncapital	27,591,387	28,293,469
State taxes and other revenues	2,906,994	3,081,545
Federal Grants - Pell	17,990,376	19,657,747
Investment income	435,440	5,257,195
Interest expense	(30,238,323)	(26,474,409)
Gain (Loss) on disposal of capital assets	10,912	7,252
Other nonoperating revenues	5,153,436	4,592,208
Total Nonoperating Revenues (Expenses)	68,041,792	77,854,459
Loss Before Other Revenues, Expenses, Gains, or Losses	(56,312,946)	(51,811,228)
Gifts and grants - capital	4,319,120	3,987,362
Local property taxes - capital	19,511,656	18,882,473
Change in Net Position	(32,482,170)	(28,941,393)
Net Position - Beginning of Year	52,299,651	81,241,044
Cumulative effect of change in accounting principle	(4,297,604)	-
Net Position - Beginning of Year - as restated	48,002,047	81,241,044
Net Position - End of Year	\$ 15,519,877	\$ 52,299,651

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Statement of Revenues, Expenses, and Change in Net Position (Continued)

The largest component of the District's operating expense is the cost of salaries and benefits. Approximately 62% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 28% of total expenses and depreciation accounts for the remaining 10%. The supplies and other expense categories include insurance premiums, facilities rental, equipment repair, as well as supplies and a host of other expenses necessary for the operation of the District.

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

Operating Expenses By Function	2013	2012
Instructional activities	\$ 49,550,343	\$ 50,809,148
Academic support	8,367,896	9,502,653
Student services	13,128,985	14,538,794
Operation and maintenance of plant	8,122,534	9,027,694
Institutional support	15,306,710	16,123,361
Community Services and economic development	1,025,748	1,031,159
Ancillary services, auxiliary services	7,584,219	9,476,946
Student aid	22,413,804	25,228,494
Physical property/GASB entries	31,326,349	27,131,507
Total Operating Expenses By Function	\$ 156,826,588	\$ 162,869,756

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2012-13. The largest expense in 2012-13 was in the area of instruction at 31%.

The Student Services expense of 8% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include Matriculation, Disabled Student Services Program (DSPS), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 14%.

The bulk of the ancillary services and auxiliary operations percentage of 5% encompasses the childcare center, contract education department, food service, parking operation, and student and co-curricular activities.

The Community Services and Economic Development 1%, includes community services recreation classes and facility use. Plant Maintenance and Operation was 5%. Physical property, depreciation and GASB entries of 20% consist of a number of building improvements and alterations that took place throughout the District.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the District during the year. The statement is divided into five parts. The first part deals with the operating cash flows, and shows the net cash used by the operating activities of the District. The second section reflects cash flows from non-capital financing activities. The third section deals with the net cash used by financing activities related to the acquisition of capital and related items. The fourth section reflects the cash received from investing activities, and shows the purchases, proceeds, and interest received from investing activities. The fifth section, (not summarized here) reconciles the net cash activity to the net operating loss on the Statement of Revenue, Expenses and Change in Net Position.

Cash provided by (used in)	2013	2012
Operating activities	\$ (104,083,252)	\$ (90,305,803)
Non-capital financing activities	122,656,866	77,774,698
Capital and related financing activities	(38,844,950)	(51,523,105)
Investing activities	1,449,180	234,075,001
Net increase (decrease) in cash	(18,822,156)	170,020,791
Cash Beginning of Year	194,384,103	24,363,312
Cash End of Year	\$ 175,561,947	\$ 194,384,103

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the District had a net \$466.1 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$23.6 million, or 5.3%, from last year. We present more detailed information regarding our capital assets in Note 4 of the financial statements.

Long-Term Liabilities

At June 30, 2013, the District had \$654.0 million in debt outstanding versus \$591.1 million last year, an increase due to the crossover refunding of a portion of Series B and Series C general obligation bonds and current year accreted interest for the general obligation bonds. Other obligations include other post employment benefit obligations (OPEB) and Supplemental Employee Retirement Plans (SERP) liability. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

Economic Factors that will Affect the Future

The District's economic strength is directly affected by the economic well-being of California. As the State's economy has been weak and intermittent, the impact of continuing restricted state resources to the District has limited its ability to provide access to educational services demanded by potential students. We anticipate continued restrictions in state funding as the state deals with its budget deficit and the weak economic recovery. These conditions will limit the ability of the District to meet the growing demands of its student population.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Department of Business Services at Chabot-Las Positas Community College District, 7600 Dublin Boulevard, 3rd Floor, Dublin, California 94568, or e-mail byesnosky@clpccd.org.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 19,756,526
Receivables, net (Note 3)	25,084,980
Due from other funds	18,256
Prepaid expenses	<u>2,521,213</u>

Total current assets 47,380,975

Noncurrent assets:

Restricted cash and cash equivalents (Note 2)	155,805,421
Depreciable capital assets, net (Note 4)	387,495,488
Non-depreciable capital assets (Note 4)	<u>78,564,818</u>

Total noncurrent assets 621,865,727

Total assets 669,246,702

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding debt (Note 7)	<u>52,022,168</u>
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LIABILITIES

Current liabilities:

Accounts payable and other liabilities	12,932,200
State Deferred Anticipation Notes (Note 6)	22,500,000
Interest payable	7,409,952
Unearned revenue (Note 5)	7,052,433
Compensated absences payable (Note 7)	1,852,756
Long-term liabilities - current portion (Note 7)	<u>14,855,676</u>

Total current liabilities 66,603,017

Noncurrent liabilities:

Long-term liabilities - noncurrent portion (Note 7)	<u>639,145,976</u>
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Total liabilities 705,748,993

Commitments and contingencies (Note 11)

NET POSITION

Net investment in capital assets (17,880,226)

Restricted for:

Expendable:

Education programs	977,555
Capital projects	1,245,938
Debt service	15,094,569

Unrestricted 16,082,041

Total net position \$ 15,519,877

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Year Ended June 30, 2013

Operating revenues:	
Tuition and fees	\$ 21,144,189
Less: scholarship discounts and allowances	<u>(7,840,518)</u>
Net tuition and fees	<u>13,303,671</u>
Grants and contracts, non-capital:	
Federal	7,307,454
State	6,027,366
Local	<u>5,833,359</u>
Total operating revenues	<u>32,471,850</u>
Operating expenses (Note 13):	
Salaries	64,604,545
Employee benefits (Notes 9 and 10)	33,274,773
Supplies, materials and other operating expenses	20,918,685
Student financial aid and scholarship	21,930,244
Depreciation (Note 4)	<u>16,098,341</u>
Total operating expenses	<u>156,826,588</u>
Loss from operations	<u>(124,354,738)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	44,191,570
Local property taxes (Note 8)	27,591,387
State taxes and other revenues	2,906,994
Federal grants - Pell	17,990,376
Investment income, net	435,440
Interest expense on capital asset-related debt, net	(30,238,323)
Gain on disposal of capital assets	10,912
Other non-operating revenues, net	<u>5,153,436</u>
Total non-operating revenues (expenses)	<u>68,041,792</u>
Loss before capital revenues	<u>(56,312,946)</u>
Capital revenues:	
Gifts and grants	4,319,120
Local property taxes and revenues	<u>19,511,656</u>
Total capital revenues	<u>23,830,776</u>
Decrease in net position	<u>(32,482,170)</u>
Net position, July 1, 2012, as previously stated	52,299,651
Cumulative effect of change in accounting principle	(4,297,604)
Net position, July 1, 2012, as restated	<u>48,002,047</u>
Net position, June 30, 2013	<u><u>\$ 15,519,877</u></u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

Cash flows from operating activities:	
Tuition and fees	\$ 12,883,536
Federal, state and local grants and contracts	20,330,527
Payments of scholarships and grants	(22,021,598)
Payments to suppliers and vendors	(23,862,669)
Payments to and on behalf employees	(64,753,886)
Payments for benefits	(26,377,311)
Other operating local revenues	<u>(281,851)</u>
Net cash used in operating activities	<u>(104,083,252)</u>
Cash flows from noncapital financing activities:	
State appropriations	45,759,813
Local property taxes	26,320,242
State taxes and other revenues	2,955,194
Pell grants	17,990,376
Proceeds from issuance of State Deferred Anticipation Notes	22,500,000
Other non-operating revenues	<u>7,131,241</u>
Net cash provided by noncapital financing activities	<u>122,656,866</u>
Cash flows from capital and related financing activities:	
State apportionments for capital purposes	4,319,120
Local property taxes	20,782,801
Purchase of capital assets	(39,996,817)
Disposal of capital assets	298,929
Proceeds from sale of capital assets	13,842
Principal paid on capital debt	(7,600,000)
Interest paid on capital debt, net	<u>(16,662,825)</u>
Net cash used in capital and related financing activities	<u>(38,844,950)</u>
Cash flows from investing activities:	
Investment income	1,014,459
Sale of investments	<u>434,721</u>
Net cash provided by investing activities	<u>1,449,180</u>
Net decrease in cash and cash equivalents	(18,822,156)
Cash and cash equivalents, July 1, 2012	<u>194,384,103</u>
Cash and cash equivalents, June 30, 2013	<u>\$ 175,561,947</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
(Continued)
For the Year Ended June 30, 2013

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (124,354,738)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	16,098,341
Changes in assets and liabilities:	
Receivables, net	488,941
Prepaid expenses	497,677
Accounts payable and other liabilities	(3,885,009)
Unearned revenue	253,271
Due from other funds	(18,256)
Other postemployment benefits and compensated absences	<u>6,836,521</u>
Net cash used in operating activities	<u>\$ (104,083,252)</u>
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	\$ (5,274,757)
Proceeds from issuance of refunding debt	\$ 327,101,916
Refunding of debt - amount deposited with escrow agent	\$ (325,463,278)

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2013

	<u>Trust Fund</u> <u>Student</u> <u>Rep</u> <u>Fund</u>	<u>Agency Fund</u> <u>Associated</u> <u>Students of</u> <u>Chabot-Las</u> <u>Positas</u> <u>College</u>
ASSETS		
Cash and investments (Note 2)	\$ 5,252	\$ 614,299
Receivables	<u>-</u>	<u>452</u>
Total assets	<u>5,252</u>	<u>614,751</u>
LIABILITIES		
Accounts payable	-	58,842
Due to other funds	-	18,256
Amount held for others	<u>-</u>	<u>537,653</u>
Total liabilities	<u>-</u>	<u>614,751</u>
NET POSITION		
Restricted	<u>\$ 5,252</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2013

	Student Rep Fund
Revenues:	
Other local sources	<u>21,415</u>
Expenditures:	
Supplies and materials	129
Other operating expenses	<u>24,010</u>
Total expenses	<u>24,139</u>
Change in net position	(2,724)
Net position, July 1, 2012	<u>7,976</u>
Net position, June 30, 2013	<u><u>\$ 5,252</u></u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Chabot-Las Positas Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

The District identified the Chabot-Las Positas District College Foundation, the Chabot College Foundation and the Las Positas College Foundation as potential component units. The District has elected not to present the Foundations as component units because the Foundations' assets, liabilities, and disbursements to the District are not considered to be significant to the District.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective of the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Chancellor's Office's Budget and Accounting Manual (BAM)*.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

GASB Statement No. 31 provides that amounts held in external investment pools be reported at fair value. However, cash in the County Treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the BAM.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Investments

The District records its investment in the Alameda County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Position. The fair value of investments, including the Alameda County Treasury external investment pools, at June 30, 2013 approximate their carrying value.

Receivables

Receivables consist of tuition and fee charges to students, 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 grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$838,819 for the year ended June 30, 2013.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or, if donated, at fair market value at the date of donation. For equipment, the District's capitalization policy included all furniture, equipment or vehicles with a unit cost of \$5,000. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Load Banking

The District also participates in and accrues "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The District recognizes this as a component of accounts payable.

Unearned Revenue

Revenues from Federal, State and local special projects and programs are recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

Compensated absences

Compensated absence cost are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized as a liability at year end.

Accumulated Sick Leave

Accumulated 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 employee retires.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long Term Liabilities

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Long term liabilities are reported net of the applicable bond premium or discount.

Net Position

The District's net position is classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated 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 net investment in capital assets.

Restricted net position: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonspendable restricted net position 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 the principal.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, State apportionments, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically applies the expense toward restricted resources, then to unrestricted resources.

On-Behalf Payments

GASB Cod. Sec. N50 requires that direct on-behalf payments for 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 Systems on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructed districts not to record revenue and expenditures for these on-behalf payments. These payments consist of state general fund contributions to CalSTRS in the amount of \$1,622,066 (5.041% of salaries subject to CalSTRS).

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Apportionments

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year completed by the state. When known and measurable, these recalculations and corrections are accrued in the year in which FTES are generated.

Classification of Revenue and Expenses

The District has classified its revenues and expenses as either operating or nonoperating revenues and expenses. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is the only nonoperating expense.

Scholarship Discounts and Allowances

Student tuition and fee revenue are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by the students and/or their parties making payments on the students' behalf. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as nonoperating 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ Committee on Accounting Procedure. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In March, 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application being encouraged. This statement was adopted for the District's fiscal year ended June 30, 2013. Based on the implementation of Statement No. 65 the District's July 1, 2012 beginning net position was restated by \$4,297,604 because debt issuance costs are no longer capitalized. At June 30, 2013, the District has recorded a deferred outflow of \$52,022,168 for the loss on refunding General Obligation Bonds.

In March 2012, the GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application encouraged. Management has not determined what impact, if any, this GASB statement will have on the District's financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information (RSI) schedules. This Statement is effective for the District's financial period ending June 30, 2014. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and RSI. This Statement is effective for the District's financial period ending June 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2013, consisted of the following:

	<u>District</u>	<u>Fiduciary</u>
Pooled Funds:		
Cash in County Treasury	\$ 164,046,293	\$ -
Deposits:		
Cash on hand and in banks	<u>11,515,654</u>	<u>619,551</u>
Total cash and cash equivalents	<u>175,561,947</u>	<u>-</u>
Less: restricted cash and cash equivalents:		
Cash in County Treasury	<u>(155,805,421)</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 19,756,526</u>	<u>\$ 619,551</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash in County Treasury

As provided for by California Education Code Section 41001, the District maintains substantially all of its cash in the Alameda County Treasury for the purpose of increasing interest earned through County investment activities.

Because the District's deposits are maintained in the Alameda County Investment Pool, a recognized pooled investment fund under the care of a third party, and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Alameda County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in possession of another party.

The District's investment policy is consistent with California Government Code as it relates to investment vehicles. The District's investment policy authorizes it to invest in the following:

<u>Authorized Investment Type</u>	<u>Maximum Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by the financial institutions is entirely insured or collateralized.

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2013, the carrying amount of the District's cash on hand and in banks for the primary governmental entity was \$12,135,205 and the bank balance was \$13,173,433, of which \$1,102,073 was FDIC insured.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Alameda County Investment Pool	Five years	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. At June 30, 2013, the District had no significant interest rate risk related to cash and investments held.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

<u>Investment Type</u>	<u>Weighted Average Maturity (in Years)</u>
Alameda County Investment Pool	1.43

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Alameda County Treasury Investment Policy based on California Government Code Section 53635, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Rating at Year End</u>
Alameda County Investment Pool	None	N/A

3. RECEIVABLES

Receivables

District receivables at June 30, 2013 are summarized as follows:

Federal	\$ 1,266,792
State	14,874,732
Local and other	<u>9,782,275</u>
	25,923,799
Less allowance for doubtful accounts	<u>(838,819)</u>
	<u>\$ 25,084,980</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, <u>2012</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2013</u>
Non-depreciable:				
Land	\$ 9,041,723	\$ -	\$ -	\$ 9,041,723
Construction in progress	74,932,967	36,600,721	(42,010,593)	69,523,095
Depreciable:				
Land improvements	70,552,854	160,924	8,347,164	79,060,942
Buildings and improvements	348,352,359	927,411	33,364,500	382,644,270
Furniture and equipment	<u>13,693,972</u>	<u>2,307,761</u>	<u>(16,545)</u>	<u>15,985,188</u>
Total	<u>516,573,875</u>	<u>39,996,817</u>	<u>(315,474)</u>	<u>556,255,218</u>
Less accumulated depreciation:				
Land improvements	17,144,859	7,055,286	-	24,200,145
Buildings and improvements	49,422,599	7,271,713	-	56,694,312
Furniture and equipment	<u>7,542,728</u>	<u>1,771,342</u>	<u>(13,615)</u>	<u>9,300,455</u>
Total	<u>74,110,186</u>	<u>16,098,341</u>	<u>(13,615)</u>	<u>90,194,912</u>
Capital assets, net	<u>\$ 442,463,689</u>	<u>\$ 23,898,476</u>	<u>\$ (301,859)</u>	<u>\$ 466,060,306</u>

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. Interest capitalized totaled \$927,411 for the year ended June 30, 2013.

5. UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	\$ 918,894
Unearned tuition and student fees	5,330,060
Unearned local grant revenue and other	<u>803,479</u>
Total unearned revenue	<u>\$ 7,052,433</u>

6. STATE DEFERRED ANTICIPATION NOTES

State Deferred Anticipation Notes are short-term debt instruments, which are general obligations of the District and are payable solely from revenues and cash receipts generated by the District. They are issued to eliminate cash flow deficiencies that result from fluctuations in revenue receipts and expenditure disbursements. The State Deferred Anticipation Notes was paid off on October 1, 2013. A summary of the District's activity for the year ended June 30, 2013 is as follows:

	Outstanding July 1, <u>2012</u>	Additions	Deletions	Outstanding June 30, <u>2013</u>
2012 - 2013 - 0.16% State Deferred Anticipation Notes	<u>\$ -</u>	<u>\$ 22,500,000</u>	<u>\$ -</u>	<u>\$ 22,500,000</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES

Lease Revenue Bond

The District issued the 2001 Lease Revenue Bond, Series A in the amount of \$5,735,000 through the California Community College Financing Authority. The District paid off the outstanding principal balance of \$4,320,000 in June 2013.

General Obligation Bonds

In March 2006, the District issued the 2006 General Obligation Refunding Bonds in the amount of \$89,275,850 to advance refund all or a portion of the outstanding principal amount of the District's General Obligation Bonds, Election of 2004, Series 2004A. The Bonds were issued as current interest bonds totaling \$76,320,000 and capital appreciation bonds totaling \$12,995,849. The bonds mature August 2021, with interest yields ranging from 3.50 to 5.00 percent.

The annual payments required to amortize the 2006 General Obligation Refunding Bonds, outstanding as of June 30, 2013, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,231,012	\$ 6,412,864	\$ 9,643,876
2015	2,875,608	6,768,267	9,643,875
2016	2,559,240	7,084,636	9,643,876
2017	2,279,251	7,369,624	9,648,875
2018	7,565,000	1,892,688	9,457,688
2019-2022	<u>34,220,000</u>	<u>3,510,500</u>	<u>37,730,500</u>
	<u>\$ 52,730,111</u>	<u>\$ 33,038,579</u>	<u>\$ 85,768,690</u>

In October 2006, the District issued the 2006 General Obligation Bonds, Series B in the amount of \$229,159,710, including current interest bonds and capital appreciation bonds. The bonds mature in 2029, with interest yields ranging from 3.60 to 5.00 percent.

The annual payments required to amortize the 2006 General Obligation Bonds, Series B outstanding as of June 30, 2013, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,787,516	\$ 7,485,534	\$ 10,273,050
2015	3,235,781	7,817,269	11,053,050
2016	2,817,245	7,845,805	10,663,050
2017	-	3,332,800	3,332,800
2018	-	17,550	17,550
2019-2023	-	87,750	87,750
2024-2028	-	87,750	87,750
2029	<u>390,000</u>	<u>8,775</u>	<u>398,775</u>
	<u>\$ 9,230,542</u>	<u>\$ 26,683,233</u>	<u>\$ 35,913,775</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The District issued the 2006 General Obligation Bonds, Series C in the amount of \$168,838,667. The bonds mature in 2047, with interest yields ranging from 4.09 to 5.10 percent.

The annual payments required to amortize the 2006 General Obligation Bonds, Series C outstanding as of June 30, 2013, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 422,019	\$ 747,981	\$ 1,170,000
2017	1,934,146	4,090,854	6,025,000
2018	-	-	-
2019-2023	-	-	-
2024-2028	-	-	-
2029-2033	-	-	-
2034-2038	54,990,510	177,059,490	232,050,000
2039-2043	51,560,031	229,679,969	281,240,000
2044-2047	<u>38,950,601</u>	<u>228,394,399</u>	<u>267,345,000</u>
	<u>\$147,857,307</u>	<u>\$639,972,693</u>	<u>\$787,830,000</u>

In February 2013, the District issued 2013 General Obligation Refunding Bonds aggregating \$289,105,000. The bonds mature through August 2032 and bear interest at rates ranging from 3.0% to 5.0%. The proceeds from the issuance will be used to advance refund a portion of the District's outstanding Election of 2004 - Series 2006B, Election of 2004 - Series 2006C and pay the cost of issuing the Refunding Bonds. Resulting from the bond issuance, the District received a premium of \$37,996,916. The premium is amortized over the life of the bond repayment. On June 30, 2013, \$265,280,342 of bonds outstanding are considered defeased.

Calculation of Difference in Cash Flow Requirements and Economic Gain

Cash Flow Difference

Old debt service cash flows	\$ 454,753,000
New debt service cash flows	<u>442,751,288</u>
	<u>\$ 12,001,712</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Economic Gain

The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid totaled \$7,966,927.

Although the advance refundings resulted in the recognition of an accounting loss of \$52.0 million for the year ended June 30, 2013, the District in effect reduced its aggregate debt service payments by \$12.0 million over the next 19 years and obtained an economic gain of \$8.0 million.

There was no accrued interest or sinking fund resources related to the new debt proceeds.

The annual payments required to amortize the 2013 General Obligation Refunding Bonds as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 11,353,025	\$ 11,353,025
2015	-	13,099,644	13,099,644
2016	-	13,099,644	13,099,644
2017	-	13,099,644	13,099,644
2018	465,000	13,092,669	13,557,669
2019-2023	22,960,000	64,366,444	87,326,444
2024-2028	102,300,000	49,334,969	151,634,969
2029-2033	<u>163,380,000</u>	<u>20,302,384</u>	<u>183,682,384</u>
	<u>\$289,105,000</u>	<u>\$197,748,423</u>	<u>\$486,853,423</u>

Note Payable

The District has a note payable to the California Department of Education, payable in annual installments of \$30,000, with no interest. The note payable was paid off during the year ended June 30, 2013.

Supplemental Employee Retirement Plans (SERP)

On October 6, 2009 and April 19, 2011, the Board approved implementation of voluntary Supplemental Retirement Plans (SERP) for the purpose of encouraging eligible employees considering an early leave decision to accelerate their retirement plans. Eligible employees included those age 55 with at least 10 years of service with the District. Fifty employees elected to voluntarily resign from the District's employment no later than December 31, 2009, for the first SERP and 34 employees elected to voluntarily resign no later than June 30, 2011, for the subsequent SERP.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

Supplemental Employee Retirement Plans (SERP) (Continued)

Under the SERP, the retirees will receive an annuity purchased by the District at a cost of 65% of the eligible employee's base salary. The annuity will provide a monthly benefit depending on the employee's age and the benefit option chosen by the employee. The District is paying for the annuities over a five-year period. The cost to the District represents the present value of the future payments. The cost of the 2010 SERP is \$2,451,579, assuming a discount rate of 0.65% and the cost of the 2011 SERP is \$1,807,125, assuming a discount rate of 0.35%.

The annual payments under the annuity contracts purchased are as follows:

Year Ending <u>June 30,</u>	<u>SERP</u>		
	<u>2010</u>	<u>2011</u>	<u>Total</u>
2014	\$ 385,722	\$ 363,955	\$ 749,677
2015	-	363,955	363,955
Total	385,722	727,910	1,113,632
Less: Discount to present value	<u>(9,868)</u>	<u>(8,845)</u>	<u>(18,713)</u>
Present Value	<u>\$ 375,854</u>	<u>\$ 719,065</u>	<u>\$ 1,094,919</u>

Changes in Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2013 is as follows:

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2013</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 349,990,868	\$ 289,105,000	\$ 140,172,908	\$ 498,922,960	\$ 6,018,528
General Obligation Bonds Premium, net	16,879,482	37,996,916	13,435,527	41,440,871	2,929,662
Accreted interest	192,058,169	20,053,102	133,233,171	78,878,100	5,171,472
Lease revenue bond	4,320,000	-	4,320,000	-	-
Note payable	30,000	-	30,000	-	-
Other postemployment benefits (Note 10)	26,027,623	12,464,816	4,827,637	33,664,802	-
Supplemental Employee Retirement Plan	1,834,636	-	739,717	1,094,919	736,014
Compensated absences	1,913,697	-	60,941	1,852,756	1,852,756
	<u>\$ 593,054,475</u>	<u>\$ 359,619,834</u>	<u>\$ 296,819,901</u>	<u>\$ 655,854,408</u>	<u>\$ 16,708,432</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessors of the Counties of Alameda and Contra Costa and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

9. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

State Teachers' Retirement System (STRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, CA 95605.

The State Teachers' Retirement Plan (STRP), a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, postretirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. Disability benefits of up to 90 percent of final service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active members of the DB Plan are required to contribute 8.0% of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of 4% with the sum of the district and employee contribution always being equal or greater than 8%.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,666,661, \$2,678,926 and \$2,902,414, respectively, and equals 100% of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and 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 financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

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 required employer contribution rate for fiscal year 2012-2013 was 11.417% of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012 and 2011 were \$2,520,143, \$2,631,225 and \$2,784,784, respectively, and equaled 100 percent of the required contributions for each year.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the District is a single-employer defined benefit healthcare plan administered by the District. The District provides medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting plan eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. The eligibility requirement for employees participating in CalPERS is a minimum age of 55 and a minimum ten years of continuous service with the District. Additional age and service criteria may be required. The eligibility requirement for employees participating in CalSTRS is a minimum age of 60 with five years of service, or age 50 with 30 years of service. In addition, the District also has minimum continuous service requirements for retirement that range from three years to ten years, and varies by employee class.

The District offers subsidized health insurance benefits to all employees who retire from the District and meet the age and service requirement for eligibility. Group medical coverage is provided for academic retirees hired on or after April 1, 1986, and classified retirees hired on or after July 1, 1984. For employees hired on or after January 1, 2013, no group medical coverage is provided. The amount of the District's contribution per employee towards such annual premiums is determined according to the collective bargaining agreements. Membership of the Plan consists of 373 retirees currently receiving benefits and 608 eligible active plan members.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 Cod. Sec. P50.108-.109. 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 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:

Annual required contribution	\$ 11,228,504
Interest on net OPEB obligation	1,236,312
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	12,464,816
Contributions made	<u>(4,827,637)</u>
Increase in net OPEB obligation	7,637,179
Net OPEB liability - beginning of year	<u>26,027,623</u>
Net OPEB liability - end of year	<u><u>\$ 33,664,802</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 and preceding two years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2011	\$ 10,388,313	43.30%	\$ 19,466,361
June 30, 2012	\$ 11,565,979	43.27%	\$ 26,027,623
June 30, 2013	\$ 12,464,816	38.73%	\$ 33,664,802

As of June 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$125.0 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$125.0 million. For the year ended June 30, 2013, the covered payroll (annual payroll of active employees covered by the Plan) was \$50.8 million, and the ratio of the UAAL to the covered payroll was 245.88 percent.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included as Required Supplementary Information following this section, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 1, 2013, actuarial valuation, the entry-age normal cost method was used to value the liability. The actuarial assumptions included a 4.75 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 employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4.0. A zero to 3.5 percent morbidity assumption was used to increase expected medical claims. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a fifteen-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013, was 30 years.

11. COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments

As of June 30, 2013, the District has \$10,181,351 in outstanding commitments on construction contracts.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

12. JOINT POWERS AGREEMENTS

Chabot-Las Positas Community College District participates in public entity risk pool joint power agreements (JPAs), with Statewide Association of Community Colleges (SWACC) and Protected Insurance Program for Schools (PIPS). The relationship between Chabot-Las Positas Community College District and the JPAs is such that the JPAs are not component units of Chabot-Las Positas Community College District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. SWACC provides property, liability and PIPS provides workers' compensation insurance. Chabot-Las Positas Community College District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

The District is also a member in School Project for Utility Rate Reduction (SPURR), which is a California joint powers authority, whose members are California public K-12 school districts, community college districts and county offices of education. SPURR provides members access to the wholesale natural gas market that would otherwise be unavailable to them.

Condensed financial information of the JPAs for the most recent year available is as follows:

	SWACC		PIPS		SPURR
	<u>June 30, 2012</u>		<u>June. 30, 2012</u>		<u>June. 30, 2012</u>
Total assets	\$ 48,874,611	\$	120,376,363	\$	12,712,307
Total liabilities	\$ 21,266,021	\$	97,382,754	\$	6,292,890
Net assets	\$ 27,608,590	\$	22,993,609	\$	6,419,417
Total revenues	\$ 20,672,614	\$	185,250,408	\$	33,252,049
Total expenses	\$ 16,466,887	\$	185,015,689	\$	33,030,649
Change in net assets	\$ 4,205,727	\$	234,719	\$	221,400

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13. OPERATING EXPENSES

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and changes in net position for the year ended June 30, 2013.

<u>Functional Classifications</u>	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Supplies, Materials, and Other Operating Expenses and Services</u>	<u>Financial Aid</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 36,331,292	\$ 11,979,920	\$ 1,239,131	\$ -	\$ -	\$ 49,550,343
Academic Support	5,243,502	2,283,757	840,637	-	-	8,367,896
Student Services	7,883,584	3,463,103	1,782,298	-	-	13,128,985
Operations and Maintenance of Plant	3,450,470	2,048,874	2,623,190	-	-	8,122,534
Institution Support	7,941,524	3,711,386	3,653,800	-	-	15,306,710
Community Support	657,194	209,409	159,145	-	-	1,025,748
Ancillary Services	2,121,995	1,210,770	4,251,454	-	-	7,584,219
Student Aid	427,478	78,239	(22,157)	21,930,244	-	22,413,804
Physical property and related acquisition	<u>547,506</u>	<u>8,289,315</u>	<u>6,391,187</u>	<u>-</u>	<u>16,098,341</u>	<u>31,326,349</u>
	<u>\$ 64,604,545</u>	<u>\$ 33,274,773</u>	<u>\$ 20,918,685</u>	<u>\$ 21,930,244</u>	<u>\$ 16,098,341</u>	<u>\$ 156,826,588</u>

REQUIRED SUPPLEMENTARY INFORMATION

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2013

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2010	February 1, 2009	\$ -	\$118,122,460	\$118,122,460	0%	\$ 54,644,319	216.17%
6/30/2011	June 1, 2011	\$ -	\$138,649,163	\$138,649,163	0%	\$ 55,796,114	248.49%
6/30/2012	June 1, 2011	\$ -	\$138,649,163	\$138,649,163	0%	\$ 55,796,114	248.49%
6/30/2013	June 1, 2013	\$ -	\$124,965,238	\$124,965,238	0%	\$ 50,822,923	245.88%

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULE

A - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

ORGANIZATION

June 30, 2013

Chabot-Las Positas Community College District was established on January 10, 1961, and commenced operations on September 11, 1961. There were no changes in the boundaries of the District during the current year. The District's two main colleges are each accredited by the Accrediting Commission for Community and Junior College, Western Association of Schools and Junior Colleges.

The Governing Board and District Administration for the fiscal year ended June 30, 2013 were composed of the following members:

BOARD OF TRUSTEES

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Arnulfo Cedillo	President	2016
Dr. Marshall Mitzman	Secretary	2016
Mr. Donald L. "Dobie" Gelles	Member	2014
Dr. Barbara F. Mertes	Member	2016
Dr. Hal G. Gin	Member	2014
Ms. Isobel F. Dvorsky	Member	2014
Mr. Carlo Vecchiarelli	Member	2016

DISTRICT ADMINISTRATION

Dr. Judy E. Walters
Interim Chancellor**

Mr. Lorenzo Legaspi
Vice Chancellor, Business Services

Mr. Wyman M. Fong
Vice Chancellor, Human Resources

Mr. Jeffrey M. Kingston
Vice Chancellor, Educational Services, Planning, and Facilities

**Effective July 29, 2013, Dr. Jannett N. Jackson, Chancellor

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
<i>Direct Programs:</i>			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Program (FSEOG)	84.007	-	\$ 243,338
Federal Work Study (FWS)	84.033	-	150,325
Federal Pell Grants (PELL)	84.063	-	17,990,376
Federal Direct Student Loans	84.268	-	2,751,245
Financial Aid Admin Allowance	84.063	-	<u>49,768</u>
Subtotal Financial Aid Cluster			<u>21,185,052</u>
TRIO Cluster:			
Student Support Services	84.042	P042A1010-15/16	466,653
Talent Search	84.044	P044A110659	<u>257,851</u>
Subtotal TRIO Cluster			<u>724,504</u>
Title III- Higher Education Institutional Aid	84.031	P031A080146	435,839
Fund for the Improvement of Education	84.215	P116W090134	167,457
Child Care Access Means Parents in School	84.335	P335A090192	11,367
<i>Passed through California Department of Rehabilitation:</i>			
Rehabilitation Services- Vocational			
Rehabilitation Grants to States	84.126	27727	171,272
<i>Passed through California Community College Chancellor's Office:</i>			
Vocational Education- Basic Grants to States	84.048	12-C01-007	<u>1,016,233</u>
Total U.S. Department of Education			<u>23,711,724</u>
<u>U.S Department of Labor</u>			
WIA Cluster:			
<i>Passed through Alameda County:</i>			
Workforce Investment Act- Adult Program	17.258	90035-10796-8326 10685-8145	574,577
Workforce Investment Act- Dislocated Worker Formula Grant (Tri Valley One Stop)	17.278	900035-10685-8145	264,920
<i>Direct Program:</i>			
Workforce Investment Act- Adult Program (Tri Valley Community Foundation MOU)	17.258	-	<u>34,620</u>
Subtotal WIA Cluster			<u>874,117</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

For the Year Ended June 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S Department of Labor (Continued)</u>			
<i>Passed Through Alameda County:</i>			
Workforce Investment Act- National Emergency Grants	17.277	900035-10670-8086	\$ 115,157
<i>Direct Program:</i>			
Trade Adjustment Assistance Community College and Career Training Program	17.282	TC-23770-12-60-A-6	<u>81,231</u>
Total U.S. Department of Labor			<u>1,070,505</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Community College Chancellor's Office:</i>			
Temporary Assistance for Needy Families	93.558	-	105,290
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant	93.575	CSPP2008	79,666
<i>Direct Program:</i>			
Head Start	93.600	-	217,337
<i>Passed through Alameda County:</i>			
Child, Family and Community Services - Foster Care - Pride and Cari Programs	93.658	900035-10684-8146 10798-8322	39,870
<i>Passed through University of California - Berkeley - subaward:</i>			
Biomedical Research and Training	93.859	1R25GM095401-01-7618	<u>17,940</u>
Total U.S. Department of Health and Human Services			<u>460,103</u>
<u>National Aeronautics and Space Administration</u>			
<i>Passed through Stanford University - subaward:</i>			
Stanford SDO Lab Project (NASA)	43.008	29276460-100163A	<u>8,128</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education:</i>			
Child and Adult Care Food Program	10.558	01-29262-1A	<u>47,370</u>
Total Federal Programs			<u>\$ 25,297,830</u>

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2013

	<u>Program Entitlements</u>			<u>Program Revenues</u>				<u>Program Expenditures</u>
	<u>Prior Year Carry-forward</u>	<u>Current Entitlement</u>	<u>Total Entitlement</u>	<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue/Accounts Payable</u>	<u>Total</u>	
Basic Skills	\$ 284,893	\$ 198,453	\$ 483,346	\$ 483,286	\$ -	\$ 232,434	\$ 250,852	\$ 250,852
BFAP	-	666,952	666,952	666,952	-	-	666,952	666,952
CARE	-	86,137	86,137	86,137	-	-	86,137	86,137
Cal Grants	6,400	868,460	874,860	874,860	-	-	874,860	874,860
CalWORKs	-	355,212	355,212	355,212	-	7,732	347,480	347,480
MESA	-	50,500	50,500	30,300	20,137	-	50,437	50,437
Career Tech Education	432,300	387,023	819,323	681,433	-	179,905	501,528	501,528
Career Tech Education - Transitions	-	98,778	98,778	51,088	45,317	-	96,405	96,405
Disabled Students Services (DSPS)	-	1,007,663	1,007,663	1,007,663	-	-	1,007,663	1,007,663
Economic Opportunity Programs and Services (EOPS)	-	617,921	617,921	617,921	-	-	617,921	617,921
Child Care Training Consortium	-	32,413	32,413	29,995	2,413	-	32,408	32,408
Faculty and Staff Diversity	-	8,335	8,335	8,335	-	-	8,335	8,335
Foster Care Education	-	226,270	226,270	139,613	82,480	-	222,093	222,093
CARI- Pre Training	-	6,300	6,300	-	5,154	-	5,154	5,154
IDRC - Surgical Tech	-	27,007	27,007	27,007	-	27,007	-	-
PRIDE- Pre Training	-	14,000	14,000	-	12,445	-	12,445	12,445
Matriculation	-	595,193	595,193	595,193	-	-	595,193	595,193
Nursing Assessment, Remediation, and Retention Grant	-	337,220	337,220	281,400	-	248,820	32,580	32,580
Nursing Assessment and Remediation Grant	-	220,571	220,571	188,385	29,084	-	217,469	217,469
Lottery	-	516,454	516,454	205,914	128,037	-	333,951	333,951
CDC CACFP Food Program	-	5,000	5,000	2,613	556	-	3,169	3,169
CDC State Preschool/Wrap Around	-	408,109	408,109	387,300	-	30,000	357,300	357,300
Renovation of Buildings	-	4,478,400	4,478,400	3,584,450	734,670	-	4,319,120	4,319,120
Total State Programs	\$ 723,593	\$ 11,212,371	\$ 11,935,964	\$ 10,305,057	\$ 1,060,293	\$ 725,898	\$ 10,639,452	\$ 10,639,452

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR
STATE GENERAL APPORTIONMENT**

Annual Attendance as of June 30, 2013

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2012 only)			
1. Noncredit	-	-	-
2. Credit	853	-	853
B. Summer Intersession (Summer 2013) - Prior to July 1, 2013)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	11,864	-	11,864
b. Daily Census Contact Hours	608	-	608
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	126	-	126
b. Credit	431	-	431
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	1,910	-	1,910
b. Daily Census Contact Hours	411	-	411
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
	<hr/>	<hr/>	<hr/>
D. Total FTES	<u>16,203</u>	<u>-</u>	<u>16,203</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	26	-	26
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	-	-	-
b. Credit	1,188	-	1,188
<u>CCFS 320 Addendum</u>			
CDCP	-	-	-
Centers FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION

For the Year Ended June 30, 2013

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 18,772,253	\$ -	\$ 18,772,253	\$ 19,046,258	\$ -	\$ 19,046,258
Other	1300	<u>13,519,166</u>	<u>-</u>	<u>13,519,166</u>	<u>13,519,166</u>	<u>-</u>	<u>13,519,166</u>
Total instructional salaries		<u>32,291,419</u>	<u>-</u>	<u>32,291,419</u>	<u>32,565,424</u>	<u>-</u>	<u>32,565,424</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	5,981,567	-	5,981,567
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,125</u>	<u>-</u>	<u>470,125</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,451,692</u>	<u>-</u>	<u>6,451,692</u>
Total academic salaries		<u>32,291,419</u>	<u>-</u>	<u>32,291,419</u>	<u>39,017,116</u>	<u>-</u>	<u>39,017,116</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	14,730,280	-	14,730,280
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>870,083</u>	<u>-</u>	<u>870,083</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,600,363</u>	<u>-</u>	<u>15,600,363</u>
Instructional aides:							
Regular status	2200	674,411	-	674,411	674,411	-	674,411
Other	2400	<u>98,378</u>	<u>-</u>	<u>98,378</u>	<u>98,378</u>	<u>-</u>	<u>98,378</u>
Total instructional aides		<u>772,789</u>	<u>-</u>	<u>772,789</u>	<u>772,789</u>	<u>-</u>	<u>772,789</u>
Total classified salaries		<u>772,789</u>	<u>-</u>	<u>772,789</u>	<u>16,373,152</u>	<u>-</u>	<u>16,373,152</u>
Employee benefits	3000	8,266,946	-	8,266,946	23,394,702	-	23,394,702
Supplies and materials	4000	-	-	-	831,548	-	831,548
Other operating expenses	5000	-	-	-	6,388,591	-	6,388,591
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 41,331,154</u>	<u>\$ -</u>	<u>\$ 41,331,154</u>	<u>\$ 86,005,109</u>	<u>\$ -</u>	<u>\$ 86,005,109</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION

(Continued)

For the Year Ended June 30, 2013

Exclusions	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 379,578	\$ -	\$ 379,578	\$ 379,578	\$ -	\$ 379,578
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	68,380	-	68,380
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	5,666,896	-	5,666,896
Objects to exclude:							
Rents and leases	5060	-	-	-	52,554	-	52,554
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	1,724,546	-	1,724,546
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	19,409	-	19,409
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	-	-	-
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		\$ 379,578	\$ -	\$ 379,578	\$ 7,911,363	\$ -	\$ 7,911,363
Total for ECS 84362, 50% Law		\$ 40,951,576	\$ -	\$ 40,951,576	\$ 78,093,746	\$ -	\$ 78,093,746
Percent of CEE (instructional salary cost /Total CEE)		52.44%	-	52.44%	100%	-	100%
50% of current expense of education					\$ 39,046,873	\$ -	\$ 39,046,873

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
For the Year Ended June 30, 2013

EPA Proceeds:		\$ 12,375,613				
	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay		Total
<u>Activity Classification</u>	<u>(0100-5900)</u>	<u>(1000-3000)</u>	<u>(4000-5000)</u>	<u>(6000)</u>		
Instructional Activities	\$ -	\$ 12,375,613	\$ -	\$ -		\$ 12,375,613

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B - Schedule of State Financial Awards

The accompanying Schedule of Expenditures of State Awards includes State grant activity of the District and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The information in this schedule is presented to comply with reporting requirements of the California Community Colleges Chancellor's Office.

C - Schedule of Workload Measures for State General Apportionment

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

D - Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

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

E - Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

G - Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

INDEPENDENT AUDITOR'S REPORT
ON STATE COMPLIANCE REQUIREMENTS

Board of Trustees
Chabot-Las Positas Community College District
Dublin, California

Report on Compliance with State Laws and Regulations

We have audited the compliance of Chabot-Las Positas Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2013:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Gann Limit Calculation
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Open Enrollment
- Student Fees-Instructional Materials and Other Materials
- Student Fees-Health Fees and Use of Health Fee Funds
- Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D State Bond Funded Projects
- Proposition 30 Education Protection Account Funds

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with state laws and regulations of Chabot-Las Positas Community College District. 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 the California State Chancellor's Office's California Community College Contracted District Audit Manual. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Chabot-Las Positas Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide legal determination of Chabot-Las Positas Community College District's compliance with those requirements.

Basis for Qualified Opinion with State Laws and Regulations

As described in Finding 2013-03, 2013-04 and 2013-05 in the accompanying Schedule of Audit Findings and Questioned Costs, Chabot-Las Positas Community College District did not comply with the requirements regarding DSPS, EOPS and CalWORKs. Compliance with such requirements is necessary, in our opinion, for Chabot-Las Positas Community College District to comply with state laws and regulations applicable to DSPS, EOPS and CalWORKs.

Qualified Opinion with State Laws and Regulations

In our opinion, except for the noncompliance, described in the Basis for Qualified Opinion paragraph, Chabot-Las Positas Community College District complied, in all material respects, with the compliance requirements for the year ended June 30, 2013. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Chabot-Las Positas Community College District had not complied with the state laws and regulations.

Other Matters

Chabot-Las Positas Community College District's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. Chabot-Las Positas Community College District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

This report is intended solely to describe the scope of our testing of compliance and the results of that testing based on requirements of the *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



Crowe Horwath LLP

Sacramento, California
December 3, 2013

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

Board of Trustees
Chabot-Las Positas Community College District
Dublin, California

We have audited, in accordance with the 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, the financial statements of the business-type activities and fiduciary activities of Chabot-Las Positas Community College District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Chabot-Las Positas Community College District's basic financial statements, and have issued our report thereon dated December 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chabot-Las Positas Community College District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chabot-Las Positas Community College District's internal control. Accordingly, we do not express an opinion on the effectiveness of Chabot-Las Positas Community College District's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified other matters involving internal control that were communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2013-01 and 2013-02.

Compliance and Other Matters

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

Response to Findings

Chabot-Las Positas Community College District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. Chabot-Las Positas Community College District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely 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 effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe Horwath LLP

Sacramento, California
December 3, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Chabot-Las Positas Community College District
Dublin, California

Report on Compliance for Each Major Federal Program

We have audited Chabot-Las Positas Community College District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Chabot-Las Positas Community College District's major federal programs for the year ended June 30, 2013. Chabot-Las Positas Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chabot-Las Positas Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Chabot-Las Positas Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chabot-Las Positas Community College District's compliance.

Opinion on Each Major Federal Program

In our opinion, Chabot-Las Positas Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Chabot-Las Positas Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chabot-Las Positas Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Chabot-Las Positas Community College District's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Crowe Horwath LLP

Sacramento, California
December 3, 2013

FINDINGS AND RECOMMENDATIONS

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ 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 deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None reported

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

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:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

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

Auditee qualified as low-risk auditee? _____ Yes X No

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Qualified

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

2013-01 INTERNAL CONTROLS - DEFICIENCY - CO-CURRICULAR FUNDS

Criteria

Internal Controls - Safeguarding of Assets

Condition

The District does not have a formal written policy or administrative procedures on what expenditures are allowable from co-curricular funds.

Effect

Risk of expenditures that are not consistent with state laws and regulations.

Cause

Proper controls have not been designed and implemented.

Fiscal Impact

Not determinable.

Recommendation

The District should establish board approved policy and administrative procedures on the allowable and unallowable costs for co-curricular funds.

Corrective Action Plan

The District will define allowable and unallowable costs for co-curricular funds. This will be included in the District's administrative procedures.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

2013-02 INTERNAL CONTROLS OVER FINANCIAL REPORTING - DEFICIENCY - CO-CURRICULAR FUNDS

Criteria

Internal Controls - Financial Reporting

Condition

The revenues and expenditures for co-curricular activities were included in the District's agency funds instead of the general fund.

Effect

The treatment of the co-curricular activities were not consistent with the Budget and Accounting Manual established by the California Community College Chancellor's Office.

Cause

Proper controls have not been designed and implemented.

Fiscal Impact

Not determinable.

Recommendation

The District should design controls to ensure the co-curricular funds are reported in the correct fund.

Corrective Action Plan

Management concurs. The co-curricular funds will be reported in the unrestricted general fund and activity will follow controls already in place for the general fund.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2013-03 STATE COMPLIANCE - SIGNIFICANT DEFICIENCY - DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)

Criteria

Title 5 Section 56022 states: "An up-to-date SEC (Student Educational Contract) for the current year, signed by the student and the DSPS professional staff person, should be available in the file of each student receiving services paid through the DSPS office. Also, students in noncredit special classes should have included in their SEC a detailed description of the criteria used to evaluate the student's measurable progress."

Condition

At Chabot College, we noted 10 out of 28 students selected for testing did not have an updated Student Educational Contract.

Effect

The District is not in compliance with State requirements for DSPS.

Cause

No formal policy is in place to ensure records are updated properly.

Fiscal Impact

Not determinable.

Recommendation

The District should develop a formal policy and implement controls to ensure records are properly updated and maintained.

Corrective Action Plan

Chabot College:

College counselors will ensure that each Student Educational Contract is signed by the student.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2013-04 STATE COMPLIANCE - DEFICIENCY - EXTENDED OPPORTUNITY PROGRAMS & SERVICES (EOPS)

Criteria

Per guidelines set forth by the California State Chancellor's Office, students served by EOPS are required to have a signed Student Educational Plan retained by the District.

Condition

Out of 40 student files tested, one student had no evidence of contacts with the EOPS program during FY12-13 and one student file was missing a Student Educational Plan.

Effect

The District is not in compliance with State requirements for EOPS.

Cause

Lack of properly implemented internal controls relating to EOPS participation submissions.

Fiscal Impact

Not determinable.

Recommendation

The District should implement controls to ensure the listing of the EOPS students served is verified before it is submitted to the Chancellor's Office.

Corrective Action Plan

Chabot College:

In the future, the college will check its internal database for Student Educational Plan (SEP) completion and manually check each chart to ensure the SEP is complete and signed by the student and counselor before sending final data to the state.

Las Positas College:

The EOPS Department has put into place better controls on existing students who do not have any contact with the EOPS program in a given semester. The college has developed a spreadsheet to assist with tracking student contacts and with the SARS appointment system the college can run reports that show when students have and have not had any contacts with the department.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2013-05 STATE COMPLIANCE - DEFICIENCY - CALWORKS

Criteria

Per California Education Code Section 79200: "As used in this article, "CalWORKs recipient" means a recipient of aid under Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code or any successor program."

Condition

Out of 40 student files tested, one student counted as served in Fall 2012 became ineligible for CalWORKS benefits in Spring 2011. A separate student file was missing proof of eligibility for Fall 2012.

Effect

The District is not in compliance with State requirements for CalWORKS.

Cause

Lack of properly designed and implemented internal controls over student eligibility determination.

Fiscal Impact

Not determinable.

Recommendation

The District should design and implement controls to accurately verify student eligibility.

Corrective Action Plan

Chabot College:

Before sending final data to the state, the college will check its internal database for eligibility and attendance and manually check each chart to ensure all discontinued students are purged from the database.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2013

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2012-01 (Material Weakness)</p> <p>The District charged indirect costs to the Foster Care- Title IV-E program based on rates which were not approved by the District's cognizant federal agency.</p> <p>Indirect costs should be included in the reimbursement amount of this grant subcontract and the auditors did not include the indirect rate as part of their calculations. The District will utilize the simplified method for small institutions, if applicable, to establish an indirect rate or will use a negotiated federally-approved indirect rate for Alameda County Title IV-E contracts.</p>	<p>Implemented.</p>	
<p>2012-02 (Significant Deficiency)</p> <p>Three of the 25 files tested at Chabot College for DSPS eligibility did not contain a verification of disability form.</p> <p>We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until a disability verification form is received.</p>	<p>Implemented.</p>	
<p>2012-03 (Significant Deficiency)</p> <p>Two of the 16 files tested at Las Positas College did not contain verification of eligibility for the CalWORKs program.</p> <p>We recommend the District implement a procedure to ensure that each student is not only reported based on enrollment, but also that each student has an updated verification of eligibility in the student file before being reported.</p>	<p>Not implemented.</p>	<p>See Schedule of Audit Findings and Questioned Costs: Finding #2013-05</p>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2013

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2012-04 (Significant Deficiency)</p> <p>A program plan for DSPS was not available or kept on file at Las Positas College.</p> <p>We recommend the each college in District develop a program plan and submit to the State Chancellor's Office that plan for approval. After approval, we recommend a copy of the plan be kept in each DSPS office.</p>	Implemented.	
<p>2012-05 (Significant Deficiency)</p> <p>Las Positas College CARE advisory committee only held one meeting during the 2011-12 academic year.</p> <p>We recommend the District hold at least two CARE advisory committee meeting each academic year.</p>	Implemented.	
<p>2012-06 (Significant Deficiency)</p> <p>One of the 25 files tested at Chabot College for EOPS eligibility did not contain a student education plan.</p> <p>We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until all eligibility requirements have been met.</p>	Not Implemented.	See Schedule of Audit Findings and Questioned Costs: Finding #2013-04

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2013

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2012-07 (Significant Deficiency)</p> <p>Seven of the 25 files tested at Chabot College and one of the 25 files tested at Las Positas College for DSPS eligibility did not contain a student education plan (SEC) and verification showing the student was notified of all policies regarding rights and obligations of receiving services.</p> <p>We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until a completed SEC is signed by the student and in the student file. At Las Positas College, we recommend that the College revise the SEC or develop a separate form to notify the student of their rights and responsibilities in receiving DSPS services. At Chabot College we recommend the college separate the notification of rights from the SEC due to the timing of completion of the SEC.</p>	<p>Not Implemented.</p>	<p>See Schedule of Audit Findings and Questioned Costs: Finding #2013-03</p>
<p>2012-08 (Significant Deficiency)</p> <p>Contact hours were observed for 7 of the 12 To Be Arranged Hours (TBA) courses tested at Las Positas College. The District calculated the contact hours using the approved number of hours in the course outline rather than the actual day and time scheduled in the class schedule.</p> <p>We recommend the District review all courses containing TBA portions and determine the proper calculation of contact hours using the methods stated in the Student Attendance Accounting Manual and the number of hours from the contact hours chart available on the Chancellor's Office website.</p>	<p>Implemented.</p>	

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2013

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2012-09 (Significant Deficiency)</p> <p>21 of the 30 To Be Arranged Hours (TBA) courses tested did not list the number of TBA hours required in the approved course outline. All of the TBA courses tested did not list the TBA hours required in the course catalog.</p> <p>We recommend the District update their catalog and course outlines to include the number of TBA hours required for all TBA courses.</p>	Implemented.	
<p>2012-10 (Significant Deficiency)</p> <p>The District was unable to provide detailed supporting documentation for the To Be Arranged Hours (TBA) completed by students for two of the 30 courses tested.</p> <p>We recommend the District maintain detailed attendance records such as electronic attendance tracking records for each student attending courses with TBA.</p>	Implemented.	
<p>2012-11 (Significant Deficiency)</p> <p>During the testing of To Be Arranged Hours (TBA) courses identified, one course at Chabot College was not using the appropriate attendance accounting method. The contact hours for this were being calculated using the weekly census method although the course did not meet the definition of "regularly scheduled" as defined by the Chancellor's Office. The contact hours for this course should be calculated using the positive attendance census method.</p> <p>We recommend the District review their procedures for communicating with instructors regarding how the course is conducted and determine the appropriate census method based on the method of instruction.</p>	Implemented.	