

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

FINANCIAL STATEMENTS
June 30, 2014

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2014

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2014

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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, 2014, 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, and the respective changes in its 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.

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 3 through 12 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 basic financial statements. The accompanying schedule of expenditure 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 basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 expenditure 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014 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
Crowe Horwath LLP

Sacramento, California
December 9, 2014

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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, 2014. 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, 2014. 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 district's annual financial report.

FINANCIAL HIGHLIGHTS

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

Financial and Enrollment Highlights

- The District's net position decreased \$10.7 million from the previous year. This decrease was due to accreted interest on the District's general obligation bonds.
- The District's General Fund Unrestricted Balance at the end of the fiscal year increased \$2,218,706. 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 16,362 full-time equivalent students for General Apportionment purposes for the 2013-14 year.
- The District's salary and benefit expenses increased 1.7%. Expenses for supplies, materials, capital outlay, student aid and other expenses and services increased 5.2%.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

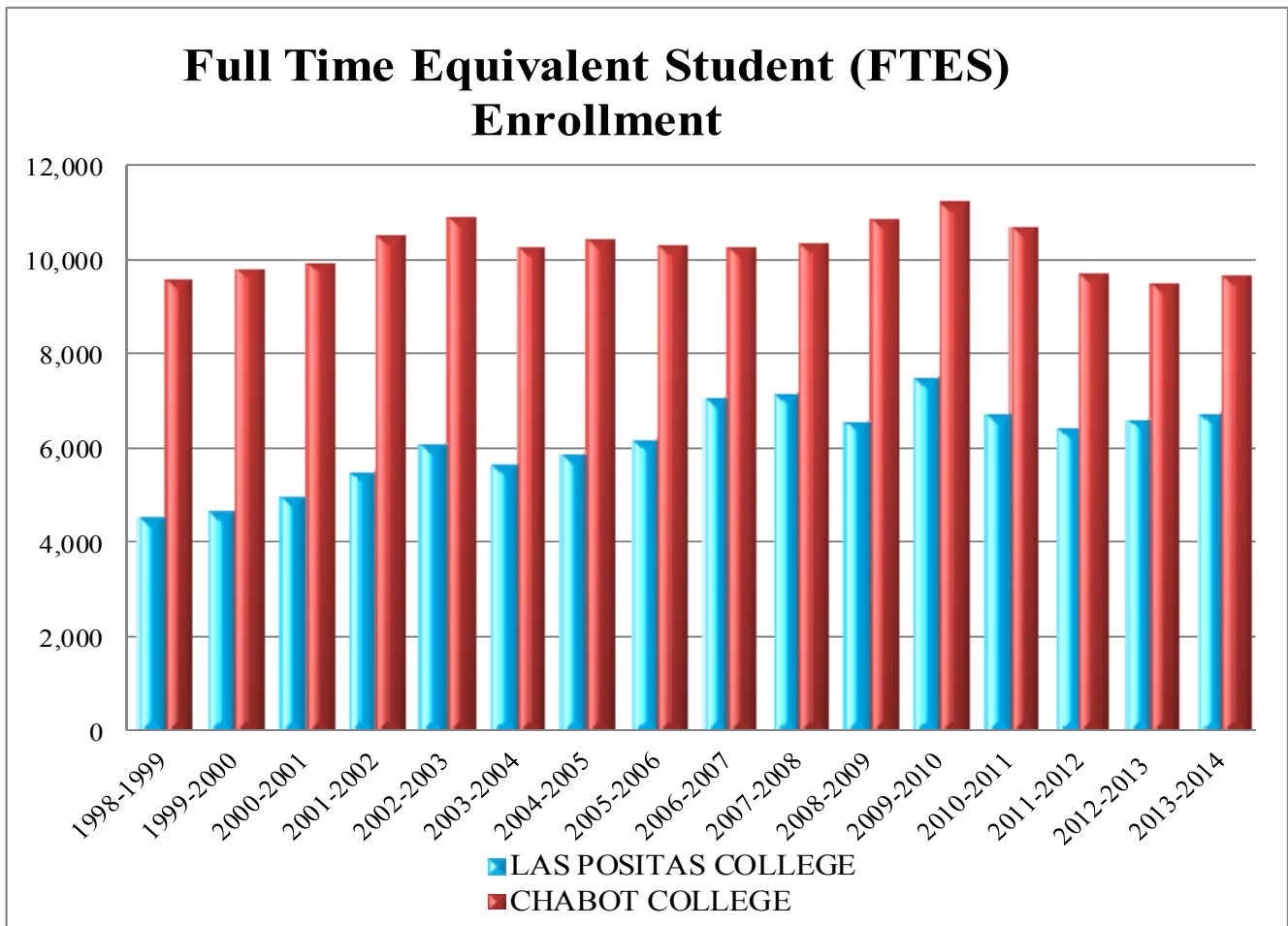
- Cost-of-living adjustment: The State budget did not include a cost-of-living (COLA) adjustment for apportionments.
- Enrollment Fee: In 2013-14, the enrollment fees remained at \$46 per unit.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2014

<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
2013-2014	9,698	1.5	6,758	1.6	16,456	1.6



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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 \$10.7 million from the previous year.

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,399,410	19,756,526
Accounts receivable - net	22,557,152	25,084,980
Due from other funds	1,878	18,256
Prepaid expenses	2,236,236	2,521,213
Total Current Assets	28,194,676	47,380,975
NONCURRENT ASSETS		
Restricted cash and cash equivalents	130,598,949	155,805,421
Nondepreciable capital assets	28,589,745	78,564,818
Depreciable capital assets - net of depreciation	448,849,081	387,495,488
Total Noncurrent Assets	608,037,775	621,865,727
Total Assets	636,232,451	669,246,702
Deferred Outflow of Resources	47,292,880	52,022,168
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	8,832,962	12,932,200
State Deferral Anticipation Notes	-	22,500,000
Interest payable	9,094,404	7,409,952
Deferred revenue	7,650,269	7,052,433
Compensated absences payable	1,824,022	1,852,756
Long-term debt - current portion	14,401,391	14,855,676
Total Current Liabilities	41,803,048	66,603,017
NONCURRENT LIABILITIES		
Long-term debt - noncurrent portion	636,864,195	639,145,976
Total Noncurrent Liabilities	636,864,195	639,145,976
Total Liabilities	678,667,243	705,748,993
NET POSITION		
Investments in capital assets - net of related debt	25,871,054	34,141,942
Restricted - expendable	17,212,700	17,318,062
Unrestricted	(38,225,666)	(35,940,067)
Total Net Position	\$ 4,858,088	\$ 15,519,937

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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 \$11.2 million. Other receivables consist of \$5.6 million due for federal, state, and local grants and contracts; \$2.6 million due for student receivables; \$1.2 million for state lottery; and \$2.0 million for other local revenues.

Prepaid items primarily relate to multi-year hardware/software agreements and licenses and salaries and benefits paid in June for summer semester.

Restricted cash and investments of \$130.6 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 Budget and Accounting Manual (BAM). The balance of the cash 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 2013-14, for which payment would not be made until fiscal year 2014-15. At June 30, 2014 the Measure B Bond Construction fund owed contractors and vendors \$3.3 million, and the General Fund owed contractors, vendors and employees \$5.5 million.

Unearned revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2013-14, unearned revenues were \$7.7 million. Of this amount, \$4.6 million represents student tuition and registration fees, received during 2013-14, for the 2014-15 summer and fall terms. The other \$3.1 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2013-14 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 is 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, 2014 capital assets were \$477.4 million. These assets are offset by debt incurred to finance those capital assets and cash restricted for the acquisition of those capital assets. The related debt is the general obligation bonds.

Restricted net position represents 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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Unrestricted net position is essentially all resources not included in the first two listed above. It is not uncommon to see an unrestricted net assets deficit. Unrestricted net assets are negative due to how interest expense is recorded related to the capital appreciation bonds. Capital appreciation bonds, or deep discount bonds, mature far into the future. Interest expense must be accreted (or accrued) from the date of issuance of the bonds through to maturity. However, because the bonds are repaid based on property tax assessments, in the early years there is no revenue recorded to offset this interest expense. This causes unrestricted net assets to go negative. In the out years, the situation will reverse and property tax revenues will exceed the interest recorded. It is important to remember that the general obligation bonds are repaid based on property tax assessments and there is no need for the District to set aside money to fund this liability.

Statement of Revenues, Expenses, and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position represents 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 \$2.1 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 (\$8.3 million) to include funding for vocational training and higher education programs and State grants (\$6.8 million) for categorical programs, such as DSPP, EOPS, and Student Success (formerly 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, 2014

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

	2014	2013
OPERATING REVENUES		
Tuition and fees	\$ 21,437,370	\$ 21,144,189
Less: Scholarship discounts and allowances	7,745,871	7,840,518
Net Tuition and Fees	13,691,499	13,303,671
Grants and contracts - noncapital:		
Federal	8,328,314	7,307,454
State	6,818,617	6,027,366
Local	5,775,774	5,833,359
Total Operating Revenues	34,614,204	32,471,850
OPERATING EXPENSES		
Salaries	66,969,818	64,604,545
Employee benefits	32,511,857	33,274,773
Supplies, materials, other operating expenses	43,230,596	42,848,929
Depreciation	18,789,570	16,098,341
Total Operating Expenses	161,501,841	156,826,588
Operating Loss	(126,887,637)	(124,354,738)
NONOPERATING REVENUES (EXPENSES)		
State apportionments - noncapital	44,778,404	44,191,570
Local property taxes - noncapital	30,625,264	27,591,387
State taxes and other revenues	3,337,091	2,906,994
Federal grants - Pell	17,749,028	17,990,376
Investment income	279,492	435,440
Interest expense	(6,501,431)	(30,238,323)
Gain on disposal of capital assets	15,660	10,912
Other nonoperating revenues	5,999,506	5,153,436
Total Nonoperating Revenues (Expenses)	96,283,014	68,041,792
Loss Before Other Revenues, Expenses, Gains, or Losses	(30,604,623)	(56,312,946)
Gifts and grants - capital	(2,486)	4,319,120
Local property taxes - capital	19,945,320	19,511,656
Change in Net Assets	(10,661,789)	(32,482,170)
Net Assets - Beginning of Year	15,519,877	48,002,047
Net Assets - End of Year	4,858,088	15,519,877

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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 27% of total expenses and depreciation accounts for the remaining 11%. 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

Functional Expense	2014	2013
Instructional activities	\$ 51,587,443	\$ 49,550,341
Academic support	7,853,917	8,367,897
Student services	15,298,417	13,128,985
Operation and maintenance of plant	8,531,571	8,122,534
Institutional support	14,568,111	15,306,710
Community services and economic development	1,005,893	1,025,749
Ancillary services, auxiliary services	9,051,837	7,824,706
Student aid	21,952,361	22,413,803
Physical property/GASB entries	31,652,291	31,085,863
TOTAL	\$ 161,501,841	\$ 156,826,588

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2013-14. The largest expense in 2013-14 was in the area of instruction at 32%.

The Student Services expense of 9% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include Student Success (formerly 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 6% 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, 2014

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)	2014	2013
Operating activities	(\$103,695,270)	(\$104,083,252)
Non-capital financing activities	80,415,576	122,656,866
Capital and related financing activities	(17,773,880)	(38,844,950)
Investing activities	327,467	1,449,180
Net increase (decrease) in cash	(41,563,588)	(18,822,156)
Cash Beginning of Year	175,561,947	194,384,103
Cash End of Year	\$133,998,359	\$175,561,947

Capital Asset and Debt Administration

Capital Assets

At June 30, 2014, the District had a net \$477.4 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 \$11.3 million, or an increase of 2.4% 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, 2014, the District had \$651.3 million in debt outstanding versus \$654.0 million last year. Other obligations include other postemployment 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. On June 24, 2014 the Governor signed Assembly Bill 1469 which will increase the member contribution for CalSTRS to 19.1% over the next seven years.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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, 2014

ASSETS

Current assets:

Cash and cash equivalents (Note 2)	\$ 3,399,410
Receivables, net (Note 3)	22,557,152
Due from other funds	1,878
Prepaid expenses	<u>2,236,236</u>
Total current assets	<u>28,194,676</u>

Noncurrent assets:

Restricted cash and cash equivalents (Note 2)	130,598,949
Depreciable capital assets, net (Note 4)	448,849,081
Non-depreciable capital assets (Note 4)	<u>28,589,745</u>
Total noncurrent assets	<u>608,037,775</u>

Total assets	<u>636,232,451</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding debt	<u>47,292,880</u>
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LIABILITIES

Current liabilities:

Accounts payable and other liabilities	8,832,962
Interest payable	9,094,404
Unearned revenue (Note 5)	7,650,269
Compensated absences payable (Note 7)	1,824,022
Long-term liabilities - current portion (Note 7)	<u>14,401,391</u>

Total current liabilities	<u>41,803,048</u>
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Noncurrent liabilities:

Long-term liabilities - noncurrent portion (Note 7)	<u>636,864,195</u>
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Total liabilities	<u>678,667,243</u>
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Commitments and contingencies (Note 11)

NET POSITION

Net investment in capital assets	25,871,054
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Restricted for:

Expendable:	
Education programs	709,818
Debt service	16,502,882
Unrestricted	<u>(38,225,666)</u>

Total net position	<u>\$ 4,858,088</u>
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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, 2014

Operating revenues:	
Tuition and fees	\$ 21,437,370
Less: scholarship discounts and allowances	<u>(7,745,871)</u>
Net tuition and fees	<u>13,691,499</u>
Grants and contracts, non-capital:	
Federal	8,328,314
State	6,818,617
Local	<u>5,775,774</u>
Total operating revenues	<u>34,614,204</u>
Operating expenses (Note 13):	
Salaries	66,969,818
Employee benefits (Notes 9 and 10)	32,511,857
Supplies, materials and other operating expenses	21,954,976
Student financial aid and scholarship	21,275,620
Depreciation (Note 4)	<u>18,789,570</u>
Total operating expenses	<u>161,501,841</u>
Loss from operations	<u>(126,887,637)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	44,778,404
Local property taxes (Note 8)	30,625,264
State taxes and other revenues	3,337,091
Federal grants - Pell	17,749,028
Investment income, net	279,492
Interest expense on capital asset-related debt, net	(6,501,431)
Gain on disposal of capital assets	15,660
Other non-operating revenues, net	<u>5,999,506</u>
Total non-operating revenues (expenses)	<u>96,283,014</u>
Loss before capital revenues	<u>(30,604,623)</u>
Capital revenues:	
Gifts and grants	(2,486)
Local property taxes and revenues	<u>19,945,320</u>
Total capital revenues	<u>19,942,834</u>
Decrease in net position	(10,661,789)
Net position, July 1, 2013	<u>15,519,877</u>
Net position, June 30, 2014	<u><u>\$ 4,858,088</u></u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2014

Cash flows from operating activities:	
Tuition and fees	\$ 13,849,667
Federal, state and local grants and contracts	23,415,943
Payments of scholarships and grants	(22,021,598)
Payments to suppliers and vendors	(24,934,858)
Payments to and on behalf employees	(67,058,217)
Payments for benefits	(26,962,585)
Other operating local revenues	<u>16,378</u>
Net cash used in operating activities	<u>(103,695,270)</u>
Cash flows from noncapital financing activities:	
State appropriations	46,915,412
Local property taxes	30,625,264
State taxes and other revenues	3,345,452
Pell grants	17,749,028
Principal paid - State Deferred Anticipation Notes	(22,500,000)
Other non-operating revenues	<u>4,280,420</u>
Net cash provided by noncapital financing activities	<u>80,415,576</u>
Cash flows from capital and related financing activities:	
State apportionments for capital purposes	(2,486)
Local property taxes	19,945,320
Purchase of capital assets	(30,168,090)
Proceeds from sale of capital assets	15,660
Principal paid on capital debt	(6,018,528)
Interest paid on capital debt, net	<u>(2,383,237)</u>
Net cash used in capital and related financing activities	<u>(18,611,361)</u>
Cash flows provided by investing activities:	
Investment income	<u>327,467</u>
Net decrease in cash and cash equivalents	(41,563,588)
Cash and cash equivalents, July 1, 2013	<u>175,561,947</u>
Cash and cash equivalents, June 30, 2014	<u>\$ 133,998,359</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
(Continued)
For the Year Ended June 30, 2014

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (126,887,637)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	18,789,570
Changes in assets and liabilities:	
Receivables, net	1,143,253
Prepaid expenses	284,977
Accounts payable and other liabilities	(4,099,236)
Unearned revenue	1,508,153
Due from other funds	16,378
Other postemployment benefits, retirement incentives and compensated absences	<u>5,549,272</u>
Net cash used in operating activities	<u>\$ (103,695,270)</u>
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	\$ 3,523,155
Amortization of loss on refunding debt	\$ 4,729,288

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2014

	<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)	\$ 7,888	\$ 546,174
Receivables	<u>-</u>	<u>652</u>
Total assets	<u>7,888</u>	<u>546,826</u>
LIABILITIES		
Accounts payable	-	43,440
Due to other funds	-	1,878
Amount held for others	<u>-</u>	<u>501,508</u>
Total liabilities	<u>-</u>	<u>546,826</u>
NET POSITION		
Restricted	<u>\$ 7,888</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, 2014

	Student Rep Fund
Additions:	
Other local sources	<u>23,344</u>
Deductions:	
Supplies and materials	158
Other operating expenses	<u>20,550</u>
Total deductions	<u>20,708</u>
Change in net position	2,636
Net position, July 1, 2013	<u>5,252</u>
Net position, June 30, 2014	<u><u>\$ 7,888</u></u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO 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.

Fiduciary funds for which the District acts only as an agent are not included in the business type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level. The Associated Student of Chabot-Las Positas College Fund accounts for the receipt and disbursement of monies from the student activity organizations. The Student Rep Fund is a Trust Fund used to account for amounts held by the District as a Trustee.

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.

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 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, 2014 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 \$1,028,399 for the year ended June 30, 2014.

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 or more. 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. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

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 absences costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized as a liability at year end.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and deferred outflows of resources. 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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$1,111,752 (3.041% of salaries subject to CalSTRS).

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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category, which is the deferred loss on refunding reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2014 totaled \$4,729,288.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item of this type.

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 FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

In March 2012 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. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

In June 2012 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 was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2012 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 this GASB statement will have on its financial statements, however it is expected to be significant.

In November 2013 GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Management expects that this GASB statement along with GASB Statement No. 68 will have a material impact on its financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2014, consisted of the following:

	<u>District</u>	<u>Fiduciary</u>
Pooled Funds:		
Cash in County Treasury	\$ 126,658,878	\$ -
Deposits:		
Cash on hand and in banks	<u>7,339,481</u>	<u>554,062</u>
Total cash and cash equivalents	<u>133,998,359</u>	<u>554,062</u>
Less: restricted cash and cash equivalents	<u>(130,598,949)</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 3,399,410</u>	<u>\$ 554,062</u>

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, 2014.

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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk (Continued)

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

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, 2014, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$7,893,543 and the bank balance was \$8,096,857, of which \$1,102,183 was FDIC insured.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. CASH AND CASH EQUIVALENTS (Continued)

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, 2014, the District had no significant interest rate risk related to cash and investments held.

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. RECEIVABLES

Receivables

District receivables at June 30, 2014 are summarized as follows:

Federal	\$ 2,566,480
State	12,911,658
Local and other	<u>8,107,413</u>
	23,585,551
Less allowance for doubtful accounts	<u>(1,028,399)</u>
	<u><u>\$ 22,557,152</u></u>

4. CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, <u>2013</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2014</u>
Non-depreciable:				
Land	\$ 9,041,723	\$ -	\$ -	\$ 9,041,723
Construction in progress	69,523,095	23,129,823	(73,104,896)	19,548,022
Depreciable:				
Land improvements	79,060,942	286,180	263,698	79,610,820
Buildings and improvements	382,644,270	4,989,645	72,841,198	460,475,113
Furniture and equipment	<u>15,985,188</u>	<u>1,762,442</u>	<u>(231,178)</u>	<u>17,516,452</u>
Total	<u>556,255,218</u>	<u>30,168,090</u>	<u>(231,178)</u>	<u>586,192,130</u>
Less accumulated depreciation:				
Land improvements	24,200,145	8,558,960	-	32,759,105
Buildings and improvements	56,694,312	8,502,788	-	65,197,100
Furniture and equipment	<u>9,300,455</u>	<u>1,727,822</u>	<u>(231,178)</u>	<u>10,797,099</u>
Total	<u>90,194,912</u>	<u>18,789,570</u>	<u>(231,178)</u>	<u>108,753,304</u>
Capital assets, net	<u>\$ 466,060,306</u>	<u>\$ 11,378,520</u>	<u>\$ -</u>	<u>\$ 477,438,826</u>

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. At June 30, 2014, the amount of Interest expense on capital asset-related debt totaled \$ 6,501,431, which is net of interest capitalized of \$10,666,714.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. UNEARNED REVENUE

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	\$ 2,054,875
Unearned tuition and student fees	4,611,530
Unearned local grant revenue and other	<u>983,864</u>
 Total unearned revenue	 <u><u>\$ 7,650,269</u></u>

6. STATE DEFERRAL ANTICIPATION NOTES

State Deferral 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 Deferral Anticipation Notes was paid off on October 1, 2013. A summary of the District's activity for the year ended June 30, 2014 is as follows:

	Outstanding July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding June 30, <u>2014</u>
2013 - 2014 - 0.16% State Deferral Anticipation Notes	<u>\$ 22,500,000</u>	<u>\$ -</u>	<u>\$ 22,500,000</u>	<u>\$ -</u>

7. LONG-TERM LIABILITIES

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 in 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, 2014, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	7,940,000	1,508,000	9,448,000
2020-2022	<u>26,280,000</u>	<u>2,002,500</u>	<u>28,282,500</u>
	<u><u>\$ 49,499,099</u></u>	<u><u>\$ 26,625,715</u></u>	<u><u>\$ 76,124,814</u></u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

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 August 2028, 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, 2014, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	-	17,550	17,550
2020-2024	-	87,750	87,750
2025-2029	<u>390,000</u>	<u>78,975</u>	<u>468,975</u>
	<u>\$ 6,443,026</u>	<u>\$ 19,197,699</u>	<u>\$ 25,640,725</u>

The District issued the 2006 General Obligation Bonds, Series C in the amount of \$168,838,667, including current interest bonds and capital appreciation bonds. The bonds mature in August 2046, 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, 2014, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ -	\$ -
2016	422,019	747,981	1,170,000
2017	1,934,146	4,090,855	6,025,001
2018	-	-	-
2019	-	-	-
2020-2024	-	-	-
2025-2029	-	-	-
2030-2034	11,302,065	31,607,935	42,910,000
2035-2039	54,265,198	186,884,802	241,150,000
2040-2044	50,921,849	241,338,152	292,260,001
2045-2047	<u>29,012,030</u>	<u>175,302,970</u>	<u>204,315,000</u>
	<u>\$147,857,307</u>	<u>\$639,972,695</u>	<u>\$787,830,002</u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

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. The premium is amortized over the life of the bond repayment.

The annual payments required to amortize the 2013 General Obligation Refunding Bonds as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	590,000	13,076,844	13,666,844
2020-2024	38,700,000	63,017,394	101,717,394
2025-2029	112,990,000	44,413,531	157,403,531
2030-2033	<u>136,360,000</u>	<u>13,496,028</u>	<u>149,856,028</u>
	<u>\$289,105,000</u>	<u>\$186,395,398</u>	<u>\$475,500,398</u>

Prior-year Defeasance of Debt

In prior year, the District defeased certain General Obligation Bonds by placing proceeds of the new General Obligation Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. On June 30, 2014, \$265,280,342 of bonds outstanding are considered defeased.

Supplemental Employee Retirement Plans (SERP)

On October 6, 2009 and April 19, 2011, the Board approved implementation of voluntary Supplemental Employee 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 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 final payment on the 2010 SERP was made during the year ended June 30, 2014.

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

Year Ending <u>June 30,</u>	<u>2011 - SERP</u>
2015	\$ 363,955
Less: Discount to present value	<u>(5,050)</u>
Present Value	<u><u>\$ 358,905</u></u>

Changes in Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2014 is as follows:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 498,922,960	\$ -	\$ 6,018,528	\$ 492,904,432	\$ 6,111,389
General Obligation Bonds Premium, net	41,440,871	-	3,523,155	37,917,716	2,072,486
Accreted interest	78,878,100	6,399,083	5,171,472	80,105,711	5,858,611
Other postemployment benefits (Note 10)	33,664,802	11,191,737	4,877,717	39,978,822	-
Supplemental Employee Retirement Plan	1,094,919	-	736,014	358,905	358,905
Compensated absences	<u>1,852,756</u>	<u>-</u>	<u>28,734</u>	<u>1,824,022</u>	<u>1,824,022</u>
	<u><u>\$ 655,854,408</u></u>	<u><u>\$ 17,590,820</u></u>	<u><u>\$ 20,355,620</u></u>	<u><u>\$ 653,089,608</u></u>	<u><u>\$ 16,225,413</u></u>

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO 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 cost-sharing, multiple-employer 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 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 2013-2014 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, 2014, 2013 and 2012 were \$2,703,804, \$2,666,661 and \$2,678,926, respectively, and equals 100% of the required contributions for each year. On June 24, 2014 the Governor signed Assembly Bill 1469 which will increase the member contribution to 19.1% over the next seven years.

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% of their salary and the district is required to contribute an actuarially determined rate. The required employer contribution rate for fiscal year 2013-2014 was 11.442% of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$2,556,822, \$2,520,143 and \$2,631,225, respectively, and equaled 100 percent of the required contributions for each year.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Social Security or PARS as its plan for employees not covered by a retirement system, as well as the CalSTRS Cash Balance Benefit Program (an alternative plan). The District's part time faculty can elect to participate in the CalSTRS Defined Benefit Cash Balance Program or Social Security. Members of the CalPERS participate in Social Security with the employee and District both contributing. Contributions made by the District and employees to the CalSTRS Cash Balance Benefit program vest immediately. The District contributes 6.20% of an employee's gross earnings for Social Security and the employee is also required to contribute 6.20% for 2014. The District contributes 4.0% for CalSTRS Cash Benefit program participants.

10. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the District administers a single-employer defined benefit healthcare plan and provides post employment medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting 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. There is no separate report issued for the defined benefit healthcare plan.

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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO 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	1,599,078
Adjustment to annual required contribution	<u>(1,635,845)</u>
Annual OPEB cost	11,191,737
Contributions made	<u>(4,877,717)</u>
Increase in net OPEB obligation	6,314,020
Net OPEB liability - beginning of year	<u>33,664,802</u>
Net OPEB liability - end of year	<u><u>\$ 39,978,822</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, 2014 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, 2012	\$ 11,565,979	43.27%	\$ 26,027,623
June 30, 2013	\$ 12,464,816	38.73%	\$ 33,664,802
June 30, 2014	\$ 11,191,737	43.58%	\$ 39,978,822

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, 2014, 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. The OPEB plan is currently operated as a pay-as-you-go-plan.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO 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.

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, 2014, was 29 years.

See required supplementary information following the notes to the basic financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.

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.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

11. COMMITMENTS AND CONTINGENCIES (Continued)

Construction Commitments

As of June 30, 2014, the District has \$10,534,809 in outstanding commitments on construction contracts.

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. Settled claims resulting from these risks have not exceeded insurance coverage on any of these past three years.

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 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

The District is also a member of the California College Insurance Group (CCIG) in an effort to obtain the most cost effective benefits for employees for dental and vision.

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

	<u>SWACC</u>	<u>PIPS</u>	<u>SPURR</u>	<u>CCIG</u>
	<u>June 30, 2013</u>	<u>June. 30, 2013</u>	<u>June. 30, 2013</u>	<u>June. 30, 2013</u>
Total assets	\$ 52,337,870	\$ 93,631,244	\$ 11,359,666	\$ 467,215
Total liabilities	\$ 21,094,905	\$ 77,229,529	\$ 5,324,009	\$ 152,869
Net position	\$ 31,242,965	\$ 16,401,715	\$ 6,035,657	\$ 314,346
Total revenues	\$ 10,626,666	\$ 19,392,414	\$ 30,256,938	\$ 1,157,428
Total expenses	\$ 6,992,294	\$ 12,800,520	\$ 30,640,697	\$ 1,529,376
Change in net position	\$ 3,634,372	\$ 6,591,894	\$ (383,759)	\$ (371,948)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTES TO 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 change in net position for the year ended June 30, 2014.

<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	\$ 37,744,121	\$ 9,688,881	\$ 4,154,441	\$ -	\$ -	\$ 51,587,443
Academic Support	5,175,773	1,734,435	943,709	-	-	7,853,917
Student Services	8,616,077	3,018,711	3,663,629	-	-	15,298,417
Operations and Maintenance of Plant	3,413,587	1,720,093	3,397,891	-	-	8,531,571
Institution Support	8,240,511	2,781,035	3,546,565	-	-	14,568,111
Community Support	648,676	156,116	201,101	-	-	1,005,893
Ancillary Services	2,091,800	1,072,768	5,887,269	-	-	9,051,837
Student Aid	476,576	42,948	157,217	21,275,620	-	21,952,361
Physical property and related acquisition	<u>562,697</u>	<u>12,296,870</u>	<u>3,154</u>	<u>-</u>	<u>18,789,570</u>	<u>31,652,291</u>
	<u>\$ 66,969,818</u>	<u>\$ 32,511,857</u>	<u>\$ 21,954,976</u>	<u>\$ 21,275,620</u>	<u>\$ 18,789,570</u>	<u>\$161,501,841</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2014

Schedule of Funding Progress						
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
February 1, 2009	\$ -	\$118,122,460	\$118,122,460	0%	\$54,644,319	216.17%
June 1, 2011	\$ -	\$138,649,163	\$138,649,163	0%	\$55,796,114	248.49%
June 1, 2013	\$ -	\$124,965,238	\$124,965,238	0%	\$50,822,923	245.88%

Only three years of actuarial valuation data is provided because the District only had three valuations performed.

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, 2014

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, 2014 were composed of the following members:

BOARD OF TRUSTEES

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

DISTRICT ADMINISTRATION

Dr. Jannett N. Jackson
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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2014

<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	-	\$ 245,130
Federal Work Study (FWS)	84.033	-	290,294
Federal Pell Grants (PELL)	84.063	-	17,749,028
Federal Direct Student Loans	84.268	-	2,065,946
Financial Aid Admin Allowance	84.063	-	<u>27,484</u>
Subtotal Financial Aid Cluster			<u>20,377,882</u>
TRIO Cluster:			
Student Support Services	84.042	P042A1010-15/16	402,218
Talent Search	84.044	P044A110659	<u>225,498</u>
Subtotal TRIO Cluster			<u>627,716</u>
Title III- Higher Education Institutional Aid	84.031	P031A080146	231,838
Child Care Access Means Parents in School	84.335	P335A090192	2,661
<i>Passed through California State University, East Bay:</i>			
Fund for the Improvement of Education	84.215	P116W090134	360,292
<i>Passed through California Department of Rehabilitation:</i>			
Rehabilitation Services- Vocational Rehabilitation Grants to States	84.126	27727	139,912
<i>Passed through California Community College Chancellor's Office:</i>			
Vocational Education- Basic Grants to States	84.048	12-C01-007	<u>876,139</u>
Total U.S. Department of Education			<u>22,616,440</u>
<u>U.S Department of Labor</u>			
WIA Cluster:			
<i>Passed through Alameda County Workforce Investment Board:</i>			
ACWIB High Risk Youth Emp II	17.259		\$ 129,116
Workforce Investment Act- Dislocated Worker Formula Grant (Tri Valley One Stop)	17.278	900035-10685-8145	393,226
Workforce Investment Act- Adult Program (Tri Valley Community Foundation MOU)	17.258	-	<u>1,168</u>
Subtotal WIA Cluster			<u>523,510</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

(Continued)

For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S Department of Labor (Continued)</u>			
<i>Passed through Contra Costa Community College District:</i>			
Trade Adjustment Assistance Community College and Career Training Program	17.282	TC-23770-12-60-A-6	<u>342,066</u>
Total U.S. Department of Labor			<u>865,576</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	-	104,314
<i>Passed through California Department of Education:</i>			
Early Childhood Mentor Program	93.575	CSPP2008	2,167,215
<i>Passed through Child, Family, and Community Services, Inc.:</i>			
Head Start	93.600	-	211,952
<i>Passed through Alameda County:</i>			
Child, Family and Community Services - Foster Care - Pride and Cari Programs	93.658	900035-10684-8146 10798-8322	42,069
<i>Passed through University of California - Berkeley - subaward:</i>			
Biomedical Research and Training	93.859	1R25GM095401-01-7618	<u>22,904</u>
Total U.S. Department of Health and Human Services			<u>2,548,454</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>11,872</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>35,000</u>
Total Federal Programs			<u>\$ 26,077,342</u>

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL AWARDS

For the Year Ended June 30, 2014

	<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>Unearned Revenue/Accounts Payable</u>	<u>Total</u>	
AB 86 Regional Consortium	\$ -	\$ 329,938	\$ 329,938	\$ 201,955	\$ 3,645	\$ -	\$ 205,600	\$ 205,600
Basic Skills	238,879	311,617	550,496	478,862	-	211,249	267,613	267,613
BFAP	8,078	670,589	678,667	678,667	-	28,092	650,575	650,575
CARE	5,712	93,299	99,011	99,011	-	12,874	86,137	86,137
Cal Grants	1,012	988,065	989,077	989,077	-	7,559	981,518	981,518
CalWORKs	33,001	461,855	494,856	494,856	-	91,408	403,448	403,448
Career Tech Education	180,120	387,023	567,143	223,707	-	20,800	202,907	202,907
Career Tech Education - Transitions	-	88,050	88,050	37,644	41,354	-	78,998	78,998
CDC CACFP Food Program	-	5,834	5,834	5,834	-	1,905	3,929	3,929
CDC State Preschool/Wrap Around	22,623	407,124	429,747	325,833	-	75,246	250,587	250,587
Disabled Students Services (DSPS)	5,090	1,277,465	1,282,555	1,282,555	-	12,433	1,270,122	1,270,122
Economic Opportunity Programs and Services (EOPS)	50,675	762,335	813,010	780,709	-	18,374	762,335	762,335
Child Care Training Consortium	1,078	53,569	54,647	54,647	-	20,147	34,500	34,500
Faculty and Staff Diversity	-	7,973	7,973	7,973	-	-	7,973	7,973
Foster Care Education	-	210,895	210,895	186,969	52,240	-	239,209	239,209
CARI- Pre Training	-	6,426	6,426	1,071	5,355	-	6,426	6,426
IDRC - Surgical Tech	28,753	18,717	47,470	47,470	2,810	-	50,280	50,280
PRIDE- Pre Training	-	14,280	14,280	560	11,611	-	12,171	12,171
MESA	-	50,500	50,500	49,710	13,482	-	63,192	63,192
Nursing Assessment and Remediation Grant	8,998	220,571	229,569	-	-	-	-	-
Nursing Enroll and Retention	22,403	335,000	357,403	308,083	-	5,662	302,421	302,421
Nursing Equipment	-	104,822	104,822	104,822	-	9,822	95,000	95,000
Lottery	-	354,501	354,501	313,097	41,403	-	354,500	354,500
Scheduled Maintenance	-	408,753	408,753	406,105	-	406,105	-	-
Student Success and Support	47,789	1,141,657	1,189,446	817,598	92,300	-	909,898	909,898
Total State Programs	\$ 654,211	\$ 8,710,858	\$ 9,365,069	\$ 7,896,815	\$ 264,200	\$ 921,676	\$ 7,239,339	\$ 7,239,339

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

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

Annual Attendance as of June 30, 2014

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2013 only)			
1. Noncredit	-	-	-
2. Credit	1,134	-	1,134
B. Summer Intersession (Summer 2014) - Prior to July 1, 2014)			
1. Noncredit	-	-	-
2. Credit	190	-	190
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	11,889	-	11,889
b. Daily Census Contact Hours	564	-	564
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	101	-	101
b. Credit	288	-	288
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	1,863	-	1,863
b. Daily Census Contact Hours	422	-	422
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
	<hr/>	<hr/>	<hr/>
D. Total FTES	<u>16,451</u>	<u>-</u>	<u>16,451</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	39	-	39
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	-	-	-
b. Credit	1,117	-	1,117
<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, 2014

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, 2014

	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	\$ 18,976,707	\$ -	\$ 18,976,707	\$ 18,976,707	\$ -	\$ 18,976,707
Other	1300	<u>14,623,588</u>	<u>-</u>	<u>14,623,588</u>	<u>14,623,588</u>	<u>-</u>	<u>14,623,588</u>
Total instructional salaries		<u>33,600,295</u>	<u>-</u>	<u>33,600,295</u>	<u>33,600,295</u>	<u>-</u>	<u>33,600,295</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	6,278,308	-	6,278,308
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,044</u>	<u>-</u>	<u>434,044</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>6,712,352</u>	<u>-</u>	<u>6,712,352</u>
Total academic salaries		<u>33,600,295</u>	<u>-</u>	<u>33,600,295</u>	<u>40,312,647</u>	<u>-</u>	<u>40,312,647</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	15,073,423	-	15,073,423
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,768</u>	<u>-</u>	<u>987,768</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>16,061,191</u>	<u>-</u>	<u>16,061,191</u>
Instructional aides:							
Regular status	2200	734,390	-	734,390	734,390	-	734,390
Other	2400	<u>80,635</u>	<u>-</u>	<u>80,635</u>	<u>80,635</u>	<u>-</u>	<u>80,635</u>
Total instructional aides		<u>815,025</u>	<u>-</u>	<u>815,025</u>	<u>815,025</u>	<u>-</u>	<u>815,025</u>
Total classified salaries		<u>815,025</u>	<u>-</u>	<u>815,025</u>	<u>16,876,216</u>	<u>-</u>	<u>16,876,216</u>
Employee benefits	3000	8,287,163	-	8,287,163	23,924,656	-	23,924,656
Supplies and materials	4000	-	-	-	928,772	-	928,772
Other operating expenses	5000	-	-	-	6,045,326	-	6,045,326
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,492</u>	<u>-</u>	<u>126,492</u>
Total expenditures prior to exclusions		<u>\$ 42,702,483</u>	<u>\$ -</u>	<u>\$ 42,702,483</u>	<u>\$ 88,214,109</u>	<u>\$ -</u>	<u>\$ 88,214,109</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
(Continued)
For the Year Ended June 30, 2014

	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>Exclusions</u>							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 379,578	\$ -	\$ 379,578	\$ 397,010	\$ -	\$ 397,010
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	16,865	-	16,865
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	6,152,660	-	6,152,660
Objects to exclude:							
Rents and leases	5060	-	-	-	99,200	-	99,200
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
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	-	-	-	126,492	-	126,492
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		\$ 379,578	\$ -	\$ 379,578	\$ 6,792,227	\$ -	\$ 6,792,227
Total for ECS 84362, 50% Law		\$ 42,322,905	\$ -	\$ 42,322,905	\$ 81,421,882	\$ -	\$ 81,421,882
Percent of CEE (instructional salary cost /Total CEE)		51.98%	-	51.98%	100%	-	100
50% of current expense of education					\$ 40,710,941	\$ -	\$ 40,710,941

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, 2014

EPA Proceeds: \$11,953,693

<u>Activity Classification</u>	<u>Activity Code (0100-5900)</u>	<u>Salaries and Benefits (1000-3000)</u>	<u>Operating Expenses (4000-5000)</u>	<u>Capital Outlay (6000)</u>	<u>Total</u>
Instructional Activities	\$ -	\$11,953,693	\$ -	\$ -	\$11,953,693

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

NOTE 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.

F - 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 Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2014:

- 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
- Schedule Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Student Fees-Health Fees and Use of Health Fee Funds
- Proposition 39 Clean Energy
- 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, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with state laws and regulations as listed above 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 on compliance with State laws and regulations. However, our audit does not provide legal determination of Chabot-Las Positas Community College District's compliance with those requirements.

Opinion with State Laws and Regulations

In our opinion Chabot-Las Positas Community College District complied, in all material respects, with the state laws and regulations compliance requirements referred to above for the year ended June 30, 2014. 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.

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
Crowe Horwath LLP

Sacramento, California
December 9, 2014

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, 2014, 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 9, 2014.

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 Findings 2014-001, 2014-002 and 2014-003.

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 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 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
Crowe Horwath LLP

Sacramento, California
December 9, 2014

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, 2014. 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, 2014.

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.

Purpose of this Report

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 9, 2014

FINDINGS AND RECOMMENDATIONS

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

Year Ended June 30, 2014

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 93.575 84.215 17.282 84.042, 84.044 17.258, 17.259, 17.278	Student Financial Aid Cluster Early Childhood Mentor Program Fund for the Improvement of Education TAACCCT Career Training TRIO Cluster WIA 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: Unmodified

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

2014-001 INTERNAL CONTROLS - DEFICIENCY - PAYROLL

Criteria

Internal Controls - Safeguarding of Assets

Condition

There is no evidence of review for changes to the employee setup in the payroll system.

Effect

Errors may not be detected in a timely manner.

Cause

Proper controls have not been designed and implemented.

Fiscal impact

Not determinable.

Recommendation

All changes to the payroll system should be reviewed by an individual independent of the input process. The reviewer should document the date the review was performed and evidence their review with an initial or signature.

Corrective Action Plan

The Office of Human Resources acknowledges this concern and has since developed a new classification entitled Human Resources Analyst. This new classification will absorb direct inputting and processing currently done by the Human Resources Manager. This, in turn, will free up the HR Manager to review systems and personnel actions to safeguard compliance. Additionally, Human Resources and Information Technology will develop and utilize automated reports to strengthen checks and balances.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

2014-002 INTERNAL CONTROLS - DEFICIENCY - STUDENT FINANCIAL AID

Criteria

Internal Controls - Monitoring

Condition

There is no evidence of review of the number of days used in the Return of Title IV (R2T4) calculations.

Effect

Risk of non-compliance with federal laws and regulations.

Cause

Proper controls have not been designed and implemented.

Fiscal impact

Not determinable.

Recommendation

An appropriate individual should review the calculated number of days in each term to ensure accuracy of the R2T4 calculation.

Corrective Action Plan

In the future, the Financial Aid Specialist III will perform the preliminary annual set-up of the R2TIV software. The worksheet setup will be reviewed by the Financial Aid Officer for correctness prior to any individual calculations being made so that there are checks and balances to ensure compliance with established federal regulations.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

2014-003 INTERNAL CONTROLS - DEFICIENCY - PURCHASING-CARDS (P-CARDS)

Criteria

Internal Controls - Monitoring

Condition

The following conditions were noted:

- P-card statements are not reviewed in a timely manner.
- P-card was not cancelled in a timely manner for an employee that was not submitting purchase logs and statements in accordance to the District's policies and procedures.
- No evidence of review and approval of purchases made by the Chancellor.
- Purchases for an employee were not supported by invoices/receipts.

Effect

Risk of misappropriation of assets.

Cause

Proper controls have not been designed and implemented.

Fiscal impact

Not determinable.

Recommendation

- The District should enforce policies and procedures and ensure purchase logs and p-card statements are reviewed and approved in a timely manner. P-cards should be cancelled for employees not adhering to the District's policies and procedures.
- Statements and purchase logs should be reviewed in a timely manner.
- The purchase log and monthly statements for the Chancellor should be reviewed by a Board member.

Corrective Action Plan

The District has established policies and procedures, which state that original receipts must accompany purchase logs and purchase logs must be submitted within five days of receipt of the monthly statement. The requirements are also outlined in the training document and the credit card use agreement, which each cardholder signs. The District has implemented a zero-tolerance policy, meaning any infraction of policy or procedure will cause an employee's card to be canceled.

Business Services will make it a priority to fill the Accountant I position, which has been vacant for more than one year, to ensure that the documents are adequately monitored and purchase logs are reconciled on a timely basis.

The Chancellor's statements and purchase logs will be reviewed by a board member.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

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, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

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

Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2013-01</p> <p>The District does not have a formal written policy or administrative procedures on what expenditures are allowable from co-curricular funds.</p> <p>The District should establish board approved policy and administrative procedures on the allowable and unallowable costs for co-curricular funds.</p>	Implemented.	
<p>2013-02</p> <p>The revenues and expenditures for co-curricular activities were included in the District's agency funds instead of the general fund.</p> <p>The District should design controls to ensure the co-curricular funds are reported in the correct fund.</p>	Implemented.	
<p>2013-03</p> <p>At Chabot College, we noted 10 out of 28 students selected for testing did not have an updated Student Educational Contract.</p> <p>The District should develop a formal policy and implement controls to ensure records are properly updated and maintained.</p>	Implemented.	
<p>2013-04</p> <p>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.</p> <p>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.</p>	Implemented.	

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
(Continued)
Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Fully Implemented
<p>2013-05</p> <p>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.</p> <p>The District should design and implement controls to accurately verify student eligibility.</p>	<p>Implemented.</p>	