

**CHABOT-LAS POSITAS COMMUNITY  
COLLEGE DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2016

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016  
(Continued)

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## INDEPENDENT AUDITOR'S REPORT

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

**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, 2016, 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, 2016, 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.

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(Continued)

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 45 to 49 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 Chabot-Las Positas Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, except for the Organization disclosure, 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, except for the Organization disclosure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Organization disclosure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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(Continued)

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 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  
November 15, 2016

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### *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, 2016. 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, 2016. 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 \$16.1 million from the previous year. This decrease was due to increased expenditures. Salaries increased by \$8 million due to negotiated contract increases and cost of living increases. Supplies and materials increased by \$7 million. The remaining \$1.1 million increase was mainly due to an increase in benefits.
- The District's General Fund Unrestricted Balance at the end of the fiscal year increased \$10.0 million. The District continues to maintain a reserve well above the required 5% 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.
- On June 7, 2016, the voters approved Measure A with a 64.94% approval rate, well above the required 55%. This will allow the District the authority to issue up to \$950 million in General Obligation Bonds. The first issuance is expected in the first half of calendar year 2017.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2016**

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- The District's Budget was designed to fund faculty, staff, direct program expenditures and support services to serve 17,640 full-time equivalent students for General Apportionment purposes for the 2015-16 year.
- The District's salary and benefit expenses increased 8.4% primarily attributed to contractual increases and cost-of-living increases. Expenses for supplies, materials, and other operating expenses increased 22.7% mainly due to costs incurred for additional state grants.
- Cost-of-living adjustment: The State budget included a cost-of-living (COLA) adjustment of 1.02% for apportionments.
- Enrollment Fee: In 2015-16, enrollment fees remained at \$46 per unit.



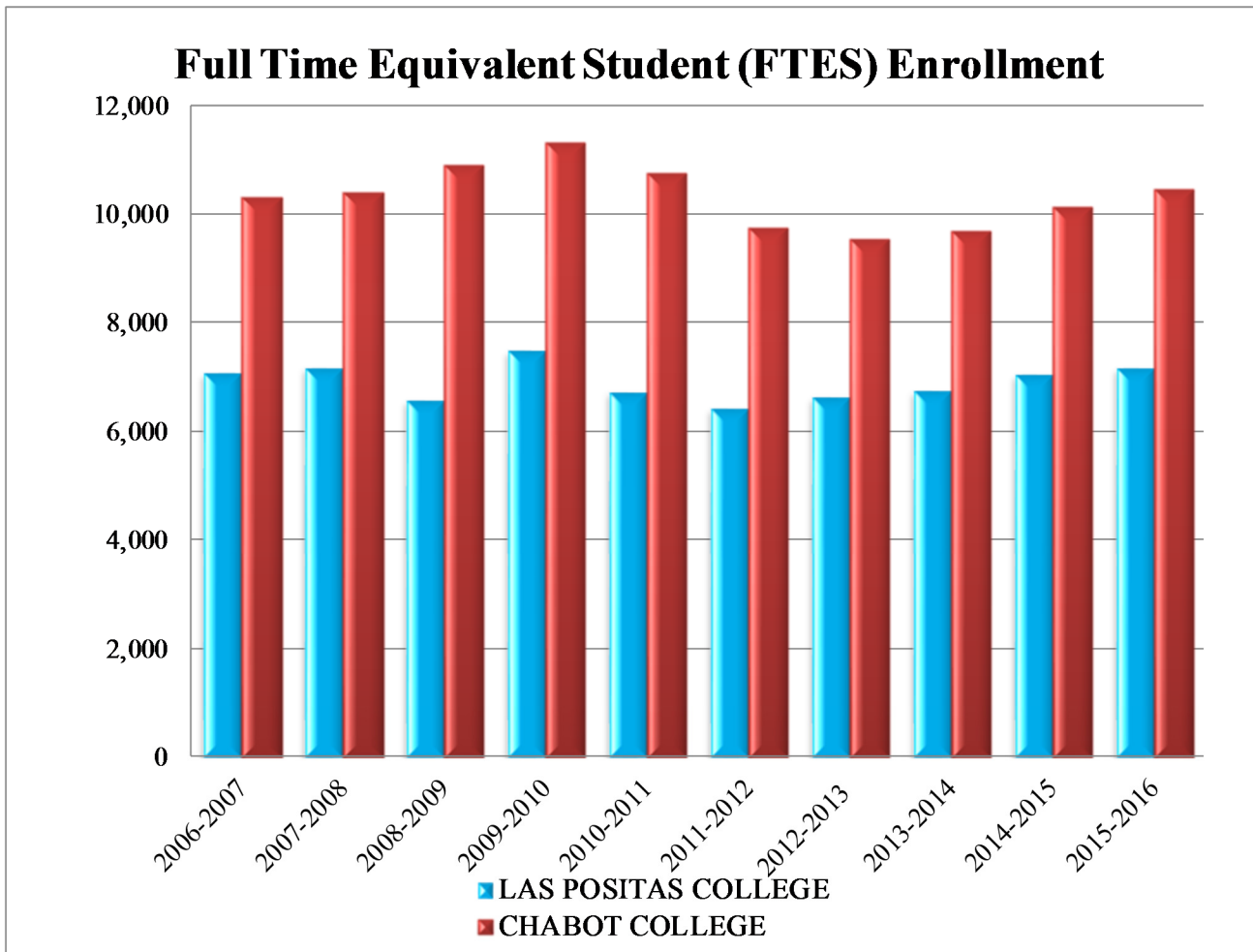
**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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

<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
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
2014-2015	10,132	4.5	7,065	4.5	17,197	4.5
2015-2016	10,455	3.2	7,185	1.7	17,640	2.6



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

### 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 outflows of resources, liabilities, and deferred inflows of resources is one way to measure the financial health of the District. Total net position of the District decreased \$16.1 million from the previous year.

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 33,526,281	\$ 22,173,367
Accounts receivable - net	15,405,531	14,207,531
Due from other funds	12,153	3,376
Prepaid expenses	1,791,745	2,054,982
<b>Total Current Assets</b>	50,735,710	38,439,256
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	104,481,211	117,747,197
Depreciable capital assets-net of depreciation	454,679,458	451,632,107
Nondepreciable capital assets	21,675,458	27,138,887
<b>Total Noncurrent Assets</b>	580,836,127	596,518,191
<b>Total Assets</b>	631,571,837	634,957,447
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pensions	9,108,283	6,136,680
Deferred outflows - refinancing	37,834,304	42,563,592
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 678,514,424	\$ 683,657,719
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 13,557,633	\$ 12,442,459
Interest payable	9,094,404	9,094,404
Deferred revenue	14,856,546	12,475,896
Compensated absences payable	1,920,563	1,924,453
Long-term debt - current portion	15,804,766	14,870,048
<b>Total Current Liabilities</b>	55,233,912	50,807,260
<b>NONCURRENT LIABILITIES</b>		
Long-term debt - noncurrent portion	731,636,152	713,309,473
<b>Total Noncurrent Liabilities</b>	731,636,152	713,309,473
<b>Total Liabilities</b>	786,870,064	764,116,733
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pensions	9,122,000	20,904,000
<b>NET POSITION</b>		
Investments in capital assets - net of related debt	64,297,114	21,099,597
Restricted - expendable	16,798,076	734,174
Restricted - debt service	64,827,615	18,019,237
Unrestricted	(263,400,445)	(141,216,022)
<b>Total Net Position</b>	(117,477,640)	(101,363,014)
Total liabilities, deferred inflows of resources and net position	\$ 678,514,424	\$ 683,657,719

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### 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.

Receivables primarily represent 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 \$160 thousand. Other receivables consist of \$3.3 million due for federal grants, \$1.7 million for state grants, and \$225 thousand for local grants and contracts. Additional receivables include \$5.2 million due for student receivables; \$742 thousand for state lottery; and \$4.1 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 \$104.5 million which include amounts restricted for repayment of debt, for use in acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the BAM. The balance of the cash 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 2015-16, for which payment would not be made until fiscal year 2016-17. At June 30, 2016 the Measure B Bond Construction fund owed contractors and vendors \$3.2 million, and the General Fund owed contractors, vendors and employees \$8.3 million. The remaining liabilities were owed by Restricted, Child Care and Student Financial Aid funds.

Unearned revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2015-16, unearned revenues were \$14.9 million. Of this amount, \$5.6 million represents student tuition and \$2.5 million represents other student fees received during 2015-16 for the 2016-17 summer and fall terms. The other \$6.8 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2015-16 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, 2016 capital assets were \$476.4 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.

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

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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### 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 \$8.3 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 (\$9.2 million) to include funding for vocational training and higher education programs and State grants (\$18.9 million) for categorical programs, such as DSPS, EOPS, and Student Success (formerly Matriculation), to name a few. Included in local grants and contracts (\$6.5 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, Federal Pell Grants, local property taxes, other state funding, and interest income. All of this revenue supports the District's instructional activities.

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>OPERATING REVENUES</b>		
Tuition and fees	25,743,474	22,035,103
Less: Scholarship discounts and allowances	(9,657,574)	(7,393,270)
<b>Net Tuition and Fees</b>	16,085,900	14,641,833
Grants and contracts - noncapital:		
Federal	9,230,791	8,661,844
State	18,946,591	12,721,436
Local	6,557,421	6,596,017
<b>Total Operating Revenues</b>	50,820,703	42,621,130
<b>OPERATING EXPENSES</b>		
Salaries	78,788,256	70,820,780
Employee benefits	37,743,147	36,669,774
Supplies, materials, other operating expenses	36,191,687	29,494,979
Student financial aid and scholarship	20,402,279	21,139,292
Depreciation	19,827,971	19,184,429
<b>Total Operating Expenses</b>	192,953,340	177,309,254
<b>Operating Loss</b>	(142,132,637)	(134,688,124)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State apportionments - noncapital	46,308,602	51,692,212
Local property taxes - noncapital	41,779,945	31,711,111
State taxes and other revenues	14,050,649	6,074,962
Federal grants - Pell	16,902,192	17,677,476
Investment income	474,454	445,988
Interest expense	(19,369,999)	(20,490,450)
Loss on disposal of capital assets	(136,522)	1,139
Other nonoperating revenues	4,035,940	4,954,115
<b>Total Nonoperating Revenues (Expenses)</b>	104,045,261	92,066,553
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	(38,087,376)	(42,621,571)
Gifts and grants - capital	-	538,931
Local property taxes - capital	21,972,750	22,013,735
<b>Change in Net Position</b>	(16,114,626)	(20,068,905)
<b>Net Position - Beginning of Year</b>	(101,363,014)	(81,294,109)
<b>Net Position - End of Year</b>	(117,477,640)	(101,363,014)

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

### 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 61% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 29% of total expenses and depreciation accounts for the remaining 10%. The supplies and other expense categories include insurance premiums, facilities rental, equipment repair, as well as supplies and a host of other expenses necessary for the operation of the District.

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION			
Functional Expense	2016	% of Total	2015
Instructional activities	\$ 63,182,107	32.7%	\$ 54,874,489
Academic support	9,434,976	4.9%	8,327,819
Student services	20,787,553	10.8%	17,848,207
Operation and maintenance of plant	9,868,617	5.1%	9,222,317
Institutional support	21,474,619	11.1%	17,129,276
Community services and economic development	863,688	0.5%	1,046,689
Ancillary services, auxiliary services	13,306,147	6.9%	12,033,486
Student aid	21,068,543	10.9%	21,799,873
Physical property/GASB entries	32,967,090	17.1%	35,027,098
<b>TOTAL</b>	<b>\$ 192,953,340</b>	<b>100.0%</b>	<b>\$ 177,309,254</b>

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2015-16. The largest expense in 2015-16 was in the area of instruction at 32.7%.

The Student Services expense of 10.8% 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 (DSPP), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 10.9%.

The bulk of the ancillary services and auxiliary operations percentage of 6.9% encompasses the childcare center, contract education department, food service, parking operation, and student and co-curricular activities.

The Community Services and Economic Development 0.5%, includes community services, recreation classes and facility use. Plant Maintenance and Operation was 5.1%. Physical property, depreciation and GASB entries of 17.1% 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, 2016

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### 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)	2016	2015
Operating activities	(\$114,377,934)	(\$103,646,249)
Non-capital financing activities	130,226,837	123,067,920
Capital and related financing activities	(18,266,820)	(13,885,239)
Investing activities	504,845	385,773
Net (decrease) increase in cash	(1,913,072)	5,922,205
<b>Cash Beginning of Year</b>	<b>139,920,564</b>	<b>133,998,359</b>
<b>Cash End of Year</b>	<b>\$138,007,492</b>	<b>\$139,920,564</b>

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2016, the District had a net \$476.4 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$2.4 million, or a decrease of less than 1%, 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, 2016, the District had \$747.5 million in debt outstanding versus \$728.2 million last year. Other obligations include other post-employment benefit obligations (OPEB), Measure B Bond, and GASB 68 liabilities for STRS and PERS. We present more detailed information regarding our long-term liabilities in Note 6 of the financial statements.

#### Economic Factors that will Effect the Future

The District's economic strength is directly affected by the economic well-being of California. The State's economy has strengthened and revenues have increased, driven primarily by increased capital gains and other income from high-wage earners. Consequently, the District has received additional state appropriation for general funds and increased categorical funding for 2016-17.

# **CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2016**

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The District implemented the classification/compensation study for confidential and supervisory personnel. The District will recommend approval of the compensation study for management.

In addition, the State has provided additional funding to cover increasing CalSTRS and CalPERS costs.

### **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, 3<sup>rd</sup> Floor, Dublin, California 94568, or e-mail [byesnosky@clpccd.org](mailto:byesnosky@clpccd.org).



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016

**ASSETS**

Current assets:

Cash and cash equivalents (Note 2)	\$ 33,526,281
Receivables, net (Note 3)	15,405,531
Due from other funds	12,153
Prepaid expenses	<u>1,791,745</u>
Total current assets	<u>50,735,710</u>

Noncurrent assets:

Restricted cash and cash equivalents (Note 2)	104,481,211
Depreciable capital assets, net (Note 4)	454,679,458
Non-depreciable capital assets (Note 4)	<u>21,675,458</u>
Total noncurrent assets	<u>580,836,127</u>
Total assets	<u>631,571,837</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - pensions (Noted 8 and 9)	9,108,283
Deferred outflows of resources - refunding (Note 6)	<u>37,834,304</u>
Total deferred outflows	<u>46,942,587</u>
Total assets and deferred outflows of resources	<u><u>\$ 678,514,424</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable and other liabilities	\$ 13,557,633
Interest payable	9,094,404
Unearned revenue (Note 5)	14,856,546
Compensated absences payable (Note 6)	1,920,563
Long-term liabilities - current portion (Note 6)	<u>15,804,766</u>
Total current liabilities	<u>55,233,912</u>

Noncurrent liabilities:

Long-term liabilities - noncurrent portion (Note 6)	<u>731,636,152</u>
Total liabilities	<u>786,870,064</u>

Commitments and contingencies (Note 10)

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - pensions	<u>9,122,000</u>
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**NET POSITION**

Net investment in capital assets	64,297,114
Restricted for:	
Expendable:	
Education programs	16,798,076
Debt service	64,827,615
Unrestricted	<u>(263,400,445)</u>
Total net position	<u>(117,477,640)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 678,514,424</u></u>

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, 2016

Operating revenues:	
Tuition and fees	\$ 25,743,474
Less: scholarship discounts and allowances	<u>(9,657,574)</u>
Net tuition and fees	<u>16,085,900</u>
Grants and contracts, non-capital:	
Federal	9,230,791
State	18,946,591
Local	<u>6,557,421</u>
Total operating revenues	<u>50,820,703</u>
Operating expenses:	
Salaries	78,788,256
Employee benefits (Notes 8, 9 and 10)	37,743,147
Supplies, materials and other operating expenses	36,191,687
Student financial aid and scholarship	20,402,279
Depreciation (Note 4)	<u>19,827,971</u>
Total operating expenses	<u>192,953,340</u>
Loss from operations	<u>(142,132,637)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	46,308,602
Local property taxes (Note 8)	41,779,945
State taxes and other revenues	14,050,649
Federal grants - Pell	16,902,192
Investment income, net	474,454
Interest expense on capital asset-related debt, net (Note 4)	(19,369,999)
Loss on disposal of capital assets	(136,522)
Other non-operating revenues, net	<u>4,035,940</u>
Total non-operating revenues (expenses)	<u>104,045,261</u>
Loss before capital revenues	<u>(38,087,376)</u>
Capital revenues:	
Local property taxes and revenues	<u>21,972,750</u>
Decrease in net position	<u>(16,114,626)</u>
Net position, July 1, 2015	<u>(101,363,014)</u>
Net position, June 30, 2016	<u>\$ (117,477,640)</u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016

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Cash flows from operating activities:	
Tuition and fees	\$ 15,654,963
Federal, state and local grants and contracts	35,087,726
Payments of scholarships and grants	(20,402,279)
Payments to suppliers and vendors	(35,254,106)
Payments to and on behalf employees	(78,347,425)
Payments for benefits	(31,108,036)
Other operating local revenues	<u>(8,777)</u>
Net cash used in operating activities	<u>(114,377,934)</u>
Cash flows from noncapital financing activities:	
State appropriations	47,916,255
Local property taxes	42,969,894
State taxes and other revenues	14,738,793
Pell grants	16,902,192
Other non-operating revenues	<u>7,699,703</u>
Net cash provided by noncapital financing activities	<u>130,226,837</u>
Cash flows from capital and related financing activities:	
Local property taxes	20,782,801
Purchase of capital assets	(17,566,299)
Proceeds from sale of capital assets	17,883
Principal paid on capital debt	(5,798,504)
Interest paid on capital debt, net	<u>(15,702,701)</u>
Net cash used in capital and related financing activities	<u>(18,266,820)</u>
Cash flows provided by investing activities:	
Investment income	<u>504,845</u>
Net decrease in cash and cash equivalents	(1,913,072)
Cash and cash equivalents, July 1, 2015	<u>139,920,564</u>
Cash and cash equivalents, June 30, 2016	<u>\$ 138,007,492</u>

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2016

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Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (142,132,637)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	19,827,971
Changes in assets and liabilities:	
Receivables, net	(2,458,665)
Prepaid expenses	263,239
Deferred outflows of resources - Pensions	(2,971,603)
Accounts payable and other liabilities	1,115,174
Unearned revenue	2,380,651
Due from other funds	(8,777)
Other postemployment benefits, retirement incentives and compensated absences	6,687,713
Net pension liability	14,701,000
Deferred inflows of resources - pension	<u>(11,782,000)</u>
Net cash used in operating activities	<u><u>\$ (114,377,934)</u></u>
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	\$ 2,120,048
Amortization of loss on refunding debt	\$ 4,729,288
Accretion of interest	\$ 12,738,842

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2016

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	<u>Trust Fund</u> Student Rep Fund	<u>Agency Fund</u> Associated Students of Chabot-Las Positas College
<b>ASSETS</b>		
Cash and investments (Note 2)	\$ 2,374	\$ 590,226
Receivables	<u>-</u>	<u>452</u>
Total assets	<u>\$ 2,374</u>	<u>\$ 590,678</u>
<b>LIABILITIES</b>		
Accounts payable	-	11,670
Due to other funds	-	57,318
Amount held for others	<u>-</u>	<u>521,690</u>
Total liabilities	<u>-</u>	<u>590,678</u>
<b>NET POSITION</b>		
Restricted net position	<u>2,374</u>	<u>-</u>
Total liabilities and restricted net position	<u>\$ 2,374</u>	<u>\$ 590,678</u>

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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, 2016

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	<u>Student Rep Fund</u>
Additions:	
Other local sources	\$ <u>19,321</u>
Deductions:	
Supplies and materials	-
Other operating expenses	<u>25,030</u>
Total deductions	<u>25,030</u>
Change in net position	(5,709)
Net position, July 1, 2015	<u>8,083</u>
Net position, June 30, 2016	<u><u>\$ 2,374</u></u>

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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**NOTE 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 that the Chabot-Las Positas Colleges Foundation, the Friends of Chabot College Foundation and the Las Positas College Foundation do not meet the criteria as a component unit under GASB Statement No. 14, 39 and 61, therefore, the Foundations' assets, liabilities, and disbursements are not included in the District financial statements.

Basis of Presentation and 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 Students 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.

Fair Value of Investment Pools: 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, 2016 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 \$1,513,196 for the year ended June 30, 2016.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets: Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition 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.

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 consists 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.

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(Continued)



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by the students and/or their parties making payments on the students' behalf. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as 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 has recognized a deferred loss on refunding reported which is 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. Additionally, the District has recognized a deferred outflow of resources related to recognition of the pension liability reported in the statement of net position.. Amortization for the year ended June 30, 2016 totaled \$8,361,976.

In addition to liabilities, the statement of net position reports 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 has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the statement of net position. Amortization for the year ended June 30, 2016 totaled \$618,000.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 4,124,466</u>	<u>\$ 4,983,817</u>	<u>\$ 9,108,283</u>
Deferred inflows of resources	<u>\$ 5,239,000</u>	<u>\$ 3,883,000</u>	<u>\$ 9,122,000</u>
Net pension liability	<u>\$ 53,340,000</u>	<u>\$ 32,476,000</u>	<u>\$ 85,816,000</u>
Pension expense	<u>\$ 5,892,724</u>	<u>\$ 2,871,188</u>	<u>\$ 8,763,912</u>

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.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2016, consisted of the following:

	<u>District</u>	<u>Fiduciary</u>
Pooled Funds:		
Cash in County Treasury	\$ 124,072,311	\$ -
Deposits:		
Cash on hand and in banks	<u>13,935,181</u>	<u>592,600</u>
Total cash and cash equivalents	<u>138,007,492</u>	<u>592,600</u>
Less: restricted cash and cash equivalents	<u>(104,481,211)</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 33,526,281</u>	<u>\$ 592,600</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.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)

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, 2016.

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum 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, 2016, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$14,527,781 and the bank balance was \$15,337,779, of which \$1,102,358 was FDIC insured.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 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, 2016, 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	1.03

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

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. At June 30, 2016, the District had no concentration of credit risk.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 3 – RECEIVABLES**

District receivables at June 30, 2016 are summarized as follows:

Federal	\$ 3,276,045
State	2,611,940
Local and other	<u>11,030,742</u>
	16,918,727
Less allowance for doubtful accounts	<u>(1,513,196)</u>
	<u><u>\$ 15,405,531</u></u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity consists of the following:

	Balance July 1, <u>2015</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2016</u>
Non-depreciable:				
Land	\$ 9,041,723	\$ -	\$ -	\$ 9,041,723
Construction in progress	18,097,164	12,989,688	(18,453,117)	12,633,735
Depreciable:				
Land improvements	81,710,650	124,684	2,834,109	84,669,443
Buildings and improvements	477,892,670	2,230,890	15,419,475	495,543,035
Furniture and equipment	<u>19,758,999</u>	<u>2,221,037</u>	<u>-</u>	<u>21,980,036</u>
Total	<u>606,501,206</u>	<u>17,566,299</u>	<u>(199,533)</u>	<u>623,867,972</u>
Less accumulated depreciation:				
Land improvements	40,769,068	8,111,468	-	48,880,536
Buildings and improvements	74,454,365	9,650,881	(45,127)	84,060,119
Furniture and equipment	<u>12,506,779</u>	<u>2,065,622</u>	<u>-</u>	<u>14,572,401</u>
Total	<u>127,730,212</u>	<u>19,827,971</u>	<u>(45,127)</u>	<u>147,513,056</u>
Capital assets, net	<u><u>\$ 478,770,994</u></u>	<u><u>\$ (2,261,672)</u></u>	<u><u>\$ (154,406)</u></u>	<u><u>\$ 476,354,916</u></u>

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. At June 30, 2016, the amount of interest expense on capital asset-related debt totaled \$19,369,999, which is net of interest capitalized of \$2,759,273.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 5 – UNEARNED REVENUE**

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	\$ 6,518,865
Unearned tuition and student fees	8,136,364
Unearned local grant revenue and other	<u>201,317</u>
Total unearned revenue	<u><u>\$ 14,856,546</u></u>

**NOTE 6 – 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, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	8,335,000	1,101,125	9,436,125
2021	8,755,000	673,875	9,428,875
2022	<u>9,190,000</u>	<u>227,500</u>	<u>9,417,500</u>
	<u><u>\$ 44,064,251</u></u>	<u><u>\$ 12,772,812</u></u>	<u><u>\$ 56,837,063</u></u>

In October 2006, the District issued the 2006 General Obligation Bonds, Series B in the amount of \$229,159,710, including current interest bonds and capital appreciation bonds. The bonds mature in August 2028 with interest yields ranging from 3.60 to 5.00 percent.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 6 – LONG-TERM LIABILITIES** (Continued)

The annual payments required to amortize the 2006 General Obligation Bonds, Series B outstanding as of June 30, 2016, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 3,332,800	\$ 3,332,800
2018	-	17,550	17,550
2019	-	17,550	17,550
2020	-	17,550	17,550
2021	-	17,550	17,550
2022-2026	-	87,750	87,750
2027-2029	<u>390,000</u>	<u>43,875</u>	<u>433,875</u>
	<u>\$ 390,000</u>	<u>\$ 3,534,625</u>	<u>\$ 3,924,625</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, 2016, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,934,146	\$ 4,090,854	\$ 6,025,000
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	-	-	-
2027-2031	-	-	-
2032-2036	33,431,252	100,413,748	133,845,000
2037-2041	52,886,145	207,538,855	260,425,000
2042-2046	49,628,185	265,996,815	315,625,000
2047	<u>9,555,560</u>	<u>61,184,440</u>	<u>70,740,000</u>
	<u>\$ 147,435,288</u>	<u>\$ 639,224,712</u>	<u>\$ 786,660,000</u>

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

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE 6 – LONG-TERM LIABILITIES** (Continued)

The annual payments required to amortize the 2013 General Obligation Refunding Bonds as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,555,000	13,044,669	14,599,669
2021	2,585,000	12,969,645	15,554,645
2022-2026	73,070,000	57,883,669	130,953,669
2027-2031	136,590,000	33,497,831	170,087,831
2032-2033	<u>74,250,000</u>	<u>3,531,141</u>	<u>77,781,141</u>
	<u>\$ 289,105,000</u>	<u>\$ 160,196,112</u>	<u>\$ 449,301,112</u>

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Amounts Due Within One Year
General Obligation Bonds	\$ 486,793,043	\$ -	\$ 5,798,504	\$ 480,994,539	\$ 4,213,397
General Obligation Bonds Premium, net	35,845,230	-	2,120,048	33,725,182	2,209,766
Accreted interest	87,680,506	12,738,842	6,951,496	93,467,852	9,381,603
Net pension liability (Notes 8 and 9)	71,115,000	14,701,000	-	85,816,000	-
Other postemployment benefits (Note 10)	46,745,742	11,931,949	5,240,346	53,437,345	-
Compensated absences	<u>1,924,453</u>	<u>-</u>	<u>3,890</u>	<u>1,920,563</u>	<u>1,920,563</u>
	<u>\$ 730,103,974</u>	<u>\$ 39,371,791</u>	<u>\$ 20,114,284</u>	<u>\$ 749,361,481</u>	<u>\$ 17,725,329</u>

**NOTE 7 – 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.

(Continued)



**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN**

General Information about the State Teachers' Retirement Plan

*Plan Description*

Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/comprehensive-annual-financial-report>.

*Benefits Provided*

The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

*CalSTRS 2% at 60*

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

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(Continued)

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

*Contributions*

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

*Members* – Under CalSTRS 2% at 60, the member contribution rate was 9.20 percent of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.56 percent of applicable member earnings for fiscal year 2015-16.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

*Employers* – 10.73 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2015-16 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed \$4,124,466 to the plan for the fiscal year ended June 30, 2016.

*State* – 7.391 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed \$200.7 million of the \$267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of \$66.9 million was included in an increased first quarter payment of \$94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-47.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS state contribution rates effective for fiscal year 2015-16 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.517

\* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 53,340,000
State's proportionate share of the net pension liability associated with the District	<u>28,211,000</u>
Total	<u>\$ 81,551,000</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2015 the District's proportion was 0.079 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2014.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$5,892,724 and revenue of \$2,627,232 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 891,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	4,348,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>4,124,466</u>	<u>-</u>
Total	<u>\$ 4,124,466</u>	<u>\$ 5,239,000</u>

\$4,124,466 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ (1,947,533)
2018	\$ (1,947,533)
2019	\$ (1,947,534)
2020	\$ 902,600
2021	\$ (148,000)
2022	\$ (151,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

*Actuarial Methods and Assumptions*

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. Based on the model from CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.50%
Private Equity	12	6.20
Real Estate	15	4.35
Inflation Sensitive	5	3.20
Fixed Income	20	0.20
Cash / Liquidity	1	0.00

\* 10-year geometric average

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(Continued)

**NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN** (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease <u>(6.60%)</u>	Current Discount Rate <u>(7.60%)</u>	1% Increase <u>(8.60%)</u>
District’s proportionate share of the net pension liability	<u>\$ 80,539,000</u>	<u>\$ 53,340,000</u>	<u>\$ 30,735,000</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B**

General Information about the Public Employer’s Retirement Fund B

*Plan Description*

The schools cost-sharing multiple-employer defined benefit pension plan Public Employer’s Retirement Fund B (PERF B) is administered by the California Public Employees’ Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2015.pdf>.

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(Continued)

**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B**

*Benefits Provided*

The benefits for the defined benefit plans are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

*Contributions*

The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2016 were as follows:

*Members* – The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2015-16.

*Employers* – The employer contribution rate was 11.847 percent of applicable member earnings.

The District contributed \$3,127,817 to the plan for the fiscal year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$32,476,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2015, the District’s proportion was 0.220 percent, which was an increase of 0.007 percent from its proportion measured as of June 30, 2014.

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(Continued)



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

For the year ended June 30, 2016, the District recognized a pension expense of \$2,871,188. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,856,000	\$ -
Changes of assumptions	-	1,995,000
Net differences between projected and actual earnings on investments	-	1,112,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	776,000
Contributions made subsequent to measurement date	<u>3,127,817</u>	<u>-</u>
Total	<u>\$ 4,983,817</u>	<u>\$ 3,883,000</u>

\$3,127,817 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$ (518,333)
2018	\$ (518,333)
2019	\$ (518,334)
2020	\$ (472,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2015 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

*Actuarial Methods and Assumptions*

The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Fixed Income	19	0.99
Inflation Insensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	2	(0.55)

\* 10-year geometric average

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

The discount rate was 7.50 percent in 2015 and 7.65 percent in 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	<u>\$ 52,858,000</u>	<u>\$ 32,476,000</u>	<u>\$ 15,528,000</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Notes 8 and 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.

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	\$ 13,053,241
Interest on net OPEB obligation	2,103,558
Adjustment to annual required contribution	<u>(3,224,850)</u>
Annual OPEB cost	11,931,949
Contributions made	<u>(5,240,346)</u>
Increase in net OPEB obligation	6,691,603
Net OPEB liability - beginning of year	<u>46,745,742</u>
Net OPEB liability - end of year	<u><u>\$ 53,437,345</u></u>

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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, 2016 and preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 11,191,737	43.6%	\$ 39,978,822
June 30, 2015	\$ 12,094,268	44.1%	\$ 46,745,742
June 30, 2016	\$ 11,931,949	43.9%	\$ 53,437,345

As of April 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$138.1 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$138.1 million. For the year ended June 30, 2015, the covered payroll (annual payroll of active employees covered by the Plan) was \$43,985,336 million, and the ratio of the UAAL to the covered payroll was 314 percent. The OPEB plan is currently operated as a pay-as-you-go-plan.

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

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

In the April 1, 2015, actuarial valuation, the entry-age normal cost method was used to value the liability. The actuarial assumptions included a 4.50 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, 2016, was 23 years.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2016

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

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

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

Construction Commitments: As of June 30, 2016, the District has \$25,562,609 in outstanding commitments on construction contracts.

**NOTE 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 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. 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.

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, 2015</u>	<u>June. 30, 2015</u>	<u>June. 30, 2015</u>	<u>June. 30, 2015</u>
Total assets	\$ 53,936,821	\$109,911,317	\$ 12,936,448	\$ 1,021,426
Total liabilities	\$ 23,420,128	\$ 99,473,185	\$ 7,389,462	\$ 117,860
Net position	\$ 30,516,693	\$ 10,438,132	\$ 5,546,986	\$ 903,566
Total revenues	\$ 17,548,276	\$236,319,886	\$ 31,367,361	\$ 2,245,896
Total expenses	\$ 17,540,625	\$237,952,641	\$ 30,754,752	\$ 1,906,636
Change in net position	\$ 7,651	\$ (1,632,755)	\$ 612,609	\$ 339,260

(Continued)

**NOTE 13 – SUBSEQUENT EVENTS**

In July 2016, the District issued 2016 General Obligation Refunding Bonds (the “Bonds”) in the amount of \$247,360,000 to refund the District’s remaining outstanding General Obligation Bonds, Election of 2004, Series 2006B and to refund the District’s remaining outstanding General Obligation Bonds, Election of 2004, Series 2006C and to refund the District’s outstanding 2006 General Obligation Refunding Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes. The Bonds bear interest rates ranging from 2.00% to 4.00% and are set to mature in August 1, 2037.

**REQUIRED SUPPLEMENTARY INFORMATION**



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 FUNDING PROGRESS  
 For the Year Ended June 30, 2016

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Actuarial Valuation Date	<u>Schedule of Funding Progress</u>					
	<u>Actuarial Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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%
April 1, 2015	\$ -	\$138,112,667	\$138,112,667	0%	\$ 43,985,336	314.00%

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

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2016

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State Teacher's Retirement Plan  
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.080%	0.079%
District's proportionate share of the net pension liability	\$ 46,908,000	\$ 53,340,000
State's proportionate share of the net pension liability associated with the District	<u>28,326,000</u>	<u>28,211,000</u>
Total net pension liability	<u>\$ 75,234,000</u>	<u>\$ 81,551,000</u>
District's covered-employee payroll	\$ 35,753,000	\$ 36,774,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131%	145%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%

The amounts presented for each fiscal year were determined as of the year end that occurred the year before.

All years prior to 2015 are not available.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2016

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Public Employers Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.213%	0.220%
District's proportionate share of the net pension liability	\$ 24,207,000	\$ 32,476,000
District's covered-employee payroll	\$ 22,346,000	\$ 24,392,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108%	133%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%

The amounts presented for each fiscal year were determined as of the year end that occurred the year before.

All years prior to 2015 are not available.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2016

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State Teachers' Retirement Plan  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 3,265,492	\$ 4,124,466
Contributions in relation to the contractually required contribution	\$ 3,265,492	\$ 4,124,466
District's covered-employee payroll	\$ 36,774,000	\$ 38,439,000
Contributions as a percentage of covered-employee payroll	8.88%	10.73%

All years prior to 2015 are not available.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2016

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Public Employers Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 2,871,188	\$ 3,127,817
Contributions in relation to the contractually required contribution	\$ 2,871,188	\$ 3,127,817
District's covered-employee payroll	\$ 24,392,000	\$ 26,402,000
Contributions as a percentage of covered-employee payroll	11.77%	11.85%

All years prior to 2015 are not available.

**NOTE 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.

B - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C - Schedule of the District's Contributions

The Schedule of the District's contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D - Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B was 7.50 percent in 2015 and 7.65 percent in 2016. There are no changes in assumptions reported for the State Teachers' Retirement Plan.

**SUPPLEMENTARY INFORMATION**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
ORGANIZATION  
June 30, 2016

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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, 2016 were composed of the following members:

**BOARD OF TRUSTEES**

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Mr. Carlo Vecchiarelli	President	2016
Dr. Hal G. Gin	Secretary	2018
Mr. Donald L. "Dobie" Gelles	Member	2018
Dr. Marshall Mitzman	Member	2016
Dr. Arnulfo Cedillo	Member	2016
Mr. William L. "Will" Macedo	Member	2016
Ms. Isobel F. Dvorsky	Member	2018

**DISTRICT ADMINISTRATION**

Dr. Jannett N. Jackson  
Chancellor

Mr. Lorenzo Legaspi  
Vice Chancellor, Business Services

Mr. Wyman M. Fong  
Vice Chancellor, Human Resources

Krista R. Johns J.D.  
Vice Chancellor, Educational Services and Student Success



CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2016

<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	-	\$ 373,502
Federal Work Study (FWS)	84.033	-	225,461
Federal Pell Grants (PELL)	84.063	-	16,902,192
Federal Direct Student Loans	84.268	-	1,460,024
Financial Aid Admin Allowance	84.063	-	<u>23,077</u>
Subtotal Financial Aid Cluster			<u>18,984,256</u>
TRIO Cluster:			
Student Support Services Aspire	84.042	P042A1010-15/16	250,519
Student Support Services ESL Excel	84.042		267,685
Student Support Services STEM	84.042		160,920
Talent Search	84.044	P044A110659	<u>223,068</u>
Subtotal TRIO Cluster			<u>902,192</u>
Hispanic Serving Institution	84.031S		180,315
<i>Passed through California State University, East Bay:</i>			
Fund for the Improvement of Education	84.215	P116W090134	557,458
<i>Passed through California Department of Rehabilitation:</i>			
Rehabilitation Services- Vocational			
Rehabilitation Grants to States	84.126	27727	140,712
<i>Passed through California Community College Chancellor's Office:</i>			
Vocational Education- Basic Grants to States	84.048	12-C01-007	<u>993,708</u>
Total U.S. Department of Education			<u>21,758,641</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		95,434
Workforce Investment Act- Dislocated Worker			
Formula Grant (Tri Valley One Stop)	17.278	900035-10685-8145	<u>470,287</u>
Subtotal WIA Cluster			<u>565,721</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2016

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S Department of Labor (Continued)</u>			
<i>Passed through Contra Costa Community College District:</i>			
Trade Adjustment Assistance Community College and Career Training Program	17.282	TC-23770-12-60-A-6	<u>367,392</u>
Total U.S. Department of Labor			<u>933,113</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education:</i>			
Child Care and Development Block Grant Programs:			
Early Childhood Mentor Program	93.575	CSPP2008	2,837,272
State Preschool Grant (State primary)	93.575		<u>230,699</u>
Subtotal Child Care Development and Block Grant Programs			<u>3,067,971</u>
<i>Passed through California Community College Chancellor's Office:</i>			
Temporary Assistance for Needy Families	93.558	-	92,505
<i>Passed through Child, Family, and Community Services, Inc.:</i>			
Head Start	93.600	-	188,986
<i>Passed through Alameda County:</i>			
Child, Family and Community Services - Foster Care - Pride and Cari Programs	93.658	900035-10684-8146 10798-8322	20,000
<i>Passed through University of California - Berkeley - subaward:</i>			
Biomedical Research and Training	93.859	1R25GM095401-01-7618	<u>14,905</u>
Total U.S. Department of Health and Human Services			<u>3,384,367</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>56,862</u>
Total Federal Programs			<u>\$ 26,132,983</u>

See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2016

	<u>Program Revenues</u>				<u>Total Program Expenditures</u>
	<u>Cash Received*</u>	<u>Accounts Receivable</u>	<u>Deferred Income</u>	<u>Total</u>	
3CSN Foundation	\$ 97,550	\$ -	\$ 67,703	\$ 29,847	\$ 29,847
AB104 Data and Accountability	-	1,500	-	1,500	1,500
AB 86 Regional Consortium	1,284,207	-	38,754	1,245,453	1,245,453
Bart TLCT Pass Thru	-	2,166	-	2,166	2,166
Basic Skills	288,078	-	209,608	78,470	78,740
BFAP	709,946	-	-	709,946	709,946
Cal B Supplement	354,191	15,000	60,371	308,820	308,820
Cal Grants	1,115,658	3,970	2,657	1,116,971	1,116,971
CalWORKs	405,436	-	1,573	403,863	403,863
CARE	146,705	-	41	146,664	146,664
CARI Pre-Training	-	28,427	-	28,427	28,427
CDC CACFP Food Program	20,045	-	-	20,045	11,395
CDC State Preschool/Wrap Around	230,699	-	-	230,699	111,456
CDE Career Pathway Trust	535,525	271,128	148,294	658,359	658,359
CEC Microgrid	-	145,506	-	145,506	145,506
ChildCare Training Consortium	28,568	123	163	28,528	28,528
CPT SVEPT-San Jose Evergreen	-	74,301	-	74,301	74,301
CTE Enhancement	235,795	-	111,588	124,207	124,207
CTE Transitions	-	99,564	-	99,564	99,564
Disabled Students Services (DSPS)	1,543,149	-	55,362	1,487,787	1,487,787
Economic Opportunity Programs and Services (EOPS)	1,034,803	-	-	1,034,803	1,034,803
Faculty Entrepreneurship	-	1,873	-	1,873	1,873
Foster Care Kinship	118,303	79,661	8,647	189,317	189,317
IEPI	-	778,570	-	778,570	778,570
Instructional Equipment Block Grant	1,062,930	-	551,162	511,768	511,768
Lottery	946,172	380,216	461,854	864,534	409,171
MACC Adult Education	1,047,634	10,180	771,664	286,150	586,908
MESA	30,285	14,014	-	44,299	44,299
Nursing	188,591	27,698	-	216,289	216,289
PRIDE Pre-Training	-	15,500	-	15,500	15,500
Prop 39 Region B	486,956	-	486,956	-	-
Rancho Santiago CCD	3,794	-	241	3,553	3,553
Scheduled Maintenance	1,983,085	-	558,389	1,424,696	1,424,696
Staff Diversity	10,564	-	5,681	4,883	4,883
Student Equity	2,101,752	13,108	1,205,679	909,181	909,181
Student Success and Support	<u>4,705,890</u>	<u>-</u>	<u>1,633,868</u>	<u>3,072,022</u>	<u>3,072,022</u>
<b>Total State Programs</b>	<b>\$ 20,716,311</b>	<b>\$ 1,962,505</b>	<b>\$ 6,380,255</b>	<b>\$ 16,298,561</b>	<b>\$ 16,016,333</b>

\* Cash received includes funds received in prior years.

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, 2016

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	3	-	3
2. Credit	753	-	753
B. Summer Intersession (Summer 2016) - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	1,713	-	1,713
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	11,985	-	11,985
b. Daily Census Contact Hours	348	-	348
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	132	-	132
b. Credit	221	-	221
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	2,109	-	2,109
b. Daily Census Contact Hours	376	-	376
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	<u>17,640</u>	<u>-</u>	<u>17,640</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	27	-	27
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	-	-	-
b. Credit	1,223	-	1,223
<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, 2016

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

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See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2016

General Fund	\$ 27,587,584	
Bond Interest and Redemption Fund	18,716,570	
Cafeteria Fund	243,545	
Child Development Fund	377,639	
Capital Outlay Fund	9,817,905	
Revenue Bond Construction Fund	64,827,615	
Self Insurance Fund	4,579,922	
Financial Aid Fund	270,571	
Scholarship and Trust Fund	<u>381,391</u>	
 Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)		 \$ 126,802,742
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.		
		476,354,916
 Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.		
		37,834,304
 In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
Deferred outflows of resources relating to pensions	\$ 9,108,283	
Deferred inflows of resources relating to pensions	<u>(9,122,000)</u>	(13,717)
 Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		
		(9,094,404)
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2016 consisted of:		
General Obligation Bonds	\$ (480,994,539)	
Bond premiums	(33,725,182)	
Accreted interest	(93,467,852)	
Net pension liability	(85,816,000)	
OPEB liability	(53,437,345)	
Compensated absences	<u>(1,920,563)</u>	
		<u>(749,361,481)</u>
Total net position - business-type activities		<u>\$ (117,477,640)</u>

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, 2016

	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	\$ 20,287,141	\$ -	\$ 20,287,141	\$ 20,327,453	\$ -	\$ 20,327,453
Other	1300	<u>18,821,462</u>	<u>-</u>	<u>18,821,462</u>	<u>18,834,255</u>	<u>-</u>	<u>18,834,255</u>
Total instructional salaries		<u>39,108,603</u>	<u>-</u>	<u>39,108,603</u>	<u>39,161,708</u>	<u>-</u>	<u>39,161,708</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	7,887,734	-	7,887,734
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,381</u>	<u>-</u>	<u>371,381</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,259,115</u>	<u>-</u>	<u>8,259,115</u>
Total academic salaries		<u>39,108,603</u>	<u>-</u>	<u>39,108,603</u>	<u>47,420,823</u>	<u>-</u>	<u>47,420,823</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	16,785,031	-	16,785,031
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699,939</u>	<u>-</u>	<u>1,699,939</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>18,484,970</u>	<u>-</u>	<u>18,484,970</u>
Instructional aides:							
Regular status	2200	879,536	-	879,536	879,536	-	879,536
Other	2400	<u>97,706</u>	<u>-</u>	<u>97,706</u>	<u>112,613</u>	<u>-</u>	<u>112,613</u>
Total instructional aides		<u>977,242</u>	<u>-</u>	<u>977,242</u>	<u>992,149</u>	<u>-</u>	<u>992,149</u>
Total classified salaries		<u>977,242</u>	<u>-</u>	<u>977,242</u>	<u>19,477,119</u>	<u>-</u>	<u>19,477,119</u>
Employee benefits	3000	11,228,935	-	11,228,935	21,994,946	-	21,994,946
Supplies and materials	4000	-	-	-	1,247,811	-	1,247,811
Other operating expenses	5000	-	-	-	10,131,079	-	10,131,079
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,261</u>	<u>-</u>	<u>845,261</u>
Total expenditures prior to exclusions		<u>\$ 51,314,780</u>	<u>\$ -</u>	<u>\$ 51,314,780</u>	<u>\$101,117,039</u>	<u>\$ -</u>	<u>\$101,117,039</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
 For the Year Ended June 30, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	147,465	-	147,465
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	5,200,000	-	5,200,000
Objects to exclude:							
Rents and leases	5060	-	-	-	123,961	-	123,961
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	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	191,232	-	191,232
Total exclusions		\$ -	\$ -	\$ -	\$ 5,662,658	\$ -	\$ 5,662,658
Total for ECS 84362, 50% Law		\$ 51,314,780	\$ -	\$ 51,314,780	\$ 95,454,381	\$ -	\$ 95,454,381
Percent of CEE (instructional salary cost /Total CEE)		53.76%	-	53.76%	100.00%	-	100.00%
50% of current expense of education					\$ 47,727,190	\$ -	\$ 47,727,190

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, 2016

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EPA Proceeds: \$13,893,930

<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	\$ -	\$13,893,930	\$ -	\$ -	\$13,893,930

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See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION

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**NOTE 1 – PURPOSE OF SCHEDULES**

A - Schedule of Expenditures of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Chabot-Las Positas Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Education Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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 Governmental funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT  
ON STATE COMPLIANCE REQUIREMENTS

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

**Report on Compliance with State Laws and Regulations**

We have audited the compliance of Chabot-Las Positas Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2016:

- 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
- Student Success and Support Program (SSSP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Student Fees-Health Fees and Use of Health Fee Funds
- Proposition 39 Clean Energy
- Intersession Extension Program
- 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 Chabot-Las Positas Community College District's compliance with state laws and regulations as listed above 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 the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Chabot-Las Positas Community College District's compliance 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.

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(Continued)

### ***Opinion on Compliance 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 that are applicable to the state laws and regulations for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with Contracted District Audit Manual and which are described in the accompanying Schedule of Audit Findings and Questioned Costs as item 2016-001. Our opinion on State Laws and Regulations is not modified with respect to this matter.

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

### ***Purpose of this Report***

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

  
Crowe Horwath LLP

Sacramento, California  
November 15, 2016

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*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, 2016, 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 November 15, 2016.

#### **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.

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(Continued)

## 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*.

## 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  
November 15, 2016

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 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, 2016. 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 Federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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(Continued)

## ***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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chabot-Las Positas Community College District's internal control over compliance.

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

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

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

  
Crowe Horwath LLP

Sacramento, California  
November 15, 2016



## **FINDINGS AND RECOMMENDATIONS**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2016

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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 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A  
and Type B programs: \$ 783,989

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**STATE AWARDS**

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

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2016-001 DEFICIENCY – STATE COMPLIANCE - CONCURRENT ENROLLMENT (427)**

Criteria

Ed Code 76002(a)(4) If the class is a physical education class, no more than 10 percent of its enrollment may be comprised of special part-time or full-time students. A community college district shall not receive state apportionments for special part-time and full-time students enrolled in physical education courses in excess of 5 percent of the district's total reported full-time equivalent enrollment of special part-time and full-time students.

Condition

We found 2 of the total population of 23 Physical Education credit courses claimed for apportionment that contained more than 10 percent enrollment of K-12 Students at Las Positas College.

Effect

We tested the entire population and determined that FTES claimed for apportionment have been overstated by 0.13 Credit FTES for Las Positas College.

Cause

Lack of properly designed and implemented internal controls over concurrent enrollment application.

Fiscal Impact

Not determinable.

Recommendation

The District should design and implement controls to accurately track concurrently enrolled students claimed for apportionment.

Corrective Action Plan

The Admissions and Records Office will utilize term based data reports to reconcile any coding discrepancies in order to accurately track concurrently enrolled students claimed for apportionment.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2016

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
<b>2015-001</b>  There is no evidence of review for changes to the employee setup in the payroll system.  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.	Implemented.	