



MATSON
& ISOM

CHABOT-LAS POSITAS
COMMUNITY COLLEGE DISTRICT

Pleasanton, California

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS

June 30, 2012 and 2011

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*Chabot-Las Positas
Community College District*

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Chabot-Las Positas Community College District
Pleasanton, California

We have audited the accompanying financial statements of the business-type activities of the Chabot-Las Positas Community College District (the District) as of and for the years ended June 30, 2012 and 2011, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2012 and 2011, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT

Continued

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The remaining supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of expenditures of state awards, which is presented for purposes of additional analysis as required by the California Community Colleges Chancellor's Office, are not a required part of the basic financial statements of the District. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Matson and Isom

January 8, 2013
Redding, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

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, 2012. The report consists of three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, 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, 2012. 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's management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The focus of the Statement of Net Assets 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 Changes in Net Assets 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 state 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

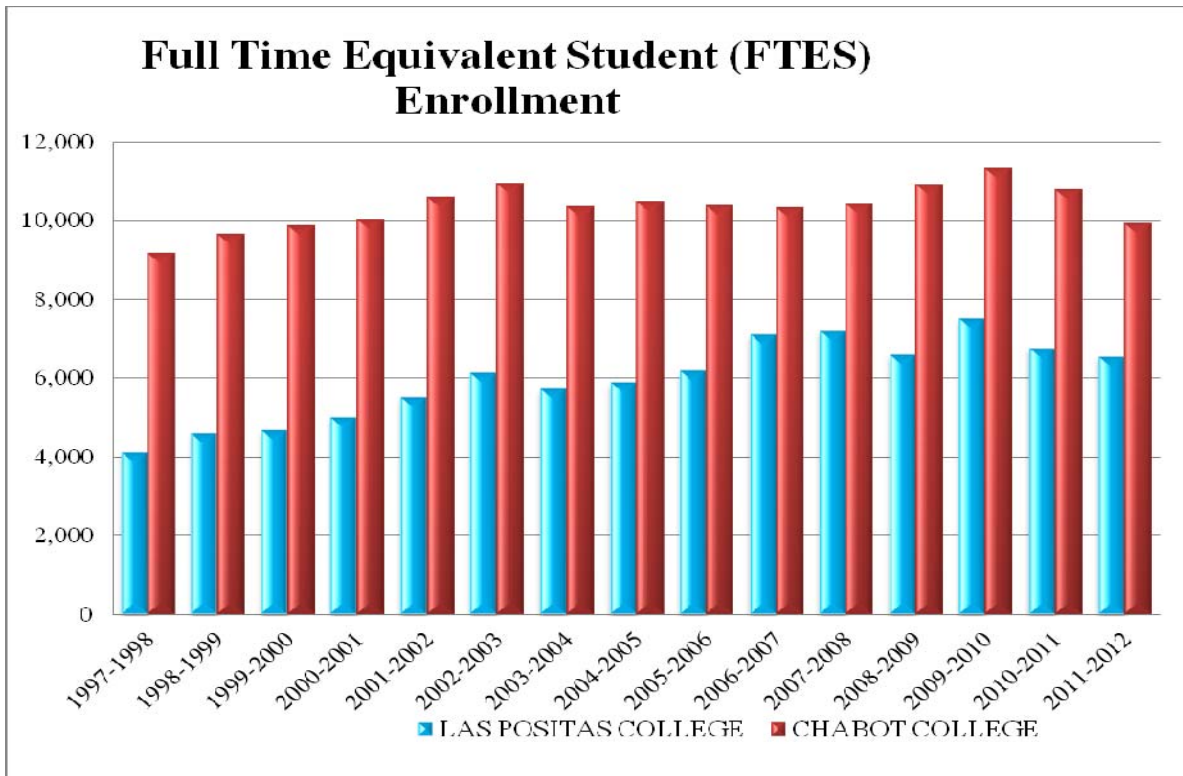
The following discussion and analysis provide an overview of the District's financial activities.

Financial and Enrollment Highlights

- As of June 30, 2012, the District's total net assets are \$52,299,651. Total net assets of the District decreased \$28.9 million, or about 35.6%, from the previous year.
- The District's General Fund unrestricted balance at the end of the fiscal year decreased \$813,586. However, the District continues to maintain the required 5% reserve for economic uncertainties.
- The voters within the boundaries of the District approved Measure B on March 4, 2004. This voter approval gave the District the authority to issue up to \$498 million in general obligation bonds. The Board authorized the first issuance of bonds totaling \$100 million and the proceeds were in the possession of the District on August 19, 2004. On November 1, 2006, the District issued the remainder of the general obligation bonds authorized by Measure B in the amount of \$398 million.
- The District's budget was designed to fund faculty, staff, direct program expenditures, and support services to serve 15,331 full-time equivalent students for general apportionment purposes for the 2011-12 year.
- The District's salary expenses decreased by 9.1% and benefit expenses decreased 2.3%, primarily due to the reduction in staff. Expenses for supplies, materials, capital outlay, student aid, and other expenses and services decreased 2.9%, primarily related to a drop in student financial aid resulting from fewer students served.
- Cost-of-living adjustment: The State budget provided a 0% cost-of-living (COLA) adjustment for apportionments.
- Enrollment Fee: In 2011-12, the enrollment fees increased from \$26 per unit to \$36 per unit to supplement the decrease in state apportionments.
- Chabot College outsourced its bookstore to Follett Higher Education Group effective December 8, 2011. Other operating revenue reflects six months of bookstore revenue.
- Factors Impacting Future Periods: As the California State budget continues to deteriorate, the District has responded to potential significant funding reductions from the State. The District has established expenditure controls throughout the District and budgeted for zero cost-of-living adjustments (COLA).

FULL-TIME EQUIVALENT STUDENT (FTES) ENROLLMENTS

YEAR	CHABOT	% Growth	LPC	% Growth	TOTAL	% Growth
1996-1997	9,354	3.9	3,820	6.0	13,174	4.5
1997-1998	9,171	(2.0)	4,098	7.3	13,269	0.7
1998-1999	9,636	5.1	4,581	11.8	14,217	7.1
1999-2000	9,868	2.4	4,678	2.1	14,546	2.3
2000-2001	10,005	1.4	4,982	6.5	14,987	3.0
2001-2002	10,569	5.6	5,508	10.6	16,078	7.3
2002-2003	10,928	3.4	6,120	11.1	17,048	6.0
2003-2004	10,326	(5.5)	5,707	(6.7)	16,033	(6.0)
2004-2005	10,477	1.5	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.0)	6,171	4.8	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009	10,912	4.7	6,591	(8.3)	17,503	(0.6)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

Statement of Net Assets

The Statement of Net Assets 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 assets, the difference between assets and liabilities, are one way to measure the financial health of the District. Total net assets of the District decreased \$28.9 million, or about 35.6%, from the previous year. The District continues to be impacted by the suppressed economic climate in California and the reduced levels of state support.

June 30	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and investments	\$ 434,558	\$ 349,662
Restricted cash and investments	14,571,394	16,107,898
Accounts receivable - net	27,673,997	24,458,185
Prepaid expenses	3,018,890	707,659
Deposits	-	250,000
Inventories	-	541,938
Total Current Assets	45,698,839	42,415,342
NONCURRENT ASSETS		
Restricted cash and investments	180,247,430	237,820,705
Deferred charges	4,297,604	4,544,812
Nondepreciable capital assets	83,974,690	40,437,828
Depreciable capital assets - net of depreciation	358,488,996	361,956,768
Total Noncurrent Assets	627,008,720	644,760,113
Total Assets	\$ 672,707,559	\$ 687,175,455
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 15,859,488	\$ 15,221,932
Interest payable	3,737,061	3,863,550
Deferred revenue	6,799,162	6,373,019
Amounts held in trust	957,722	792,872
Long-term debt - current portion	8,340,739	9,455,000
Other long-term liabilities - current portion	739,718	924,833
Total Current Liabilities	36,433,890	36,631,206
NONCURRENT LIABILITIES		
Long-term debt - noncurrent portion	554,937,780	546,161,141
Other long-term liabilities - noncurrent portion	29,036,238	23,142,064
Total Noncurrent Liabilities	583,974,018	569,303,205
Total Liabilities	620,407,908	605,934,411
NET ASSETS		
Investment in capital assets - net of debt	145,592,464	148,257,145
Restricted	27,327,929	27,542,406
Unrestricted	(120,620,742)	(94,558,507)
Total Net Assets	52,299,651	81,241,044
Total Liabilities and Net Assets	\$ 672,707,559	\$ 687,175,455

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

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

Accounts receivable primarily represents funding owed to the District by federal, state, and local governments, as well as other sources such as tuition and fees. The amount owed to the General Fund for deferred apportionment payments is \$15.0 million. Other receivables consist of \$4.8 million due for federal, state, and local grants and contracts; \$2.7 million due for student receivables; and \$3.1 million for the Measure B Construction fund, most of which is related to legal settlements.

Prepaid items primarily relate to multi-year hardware/software agreements and licenses. Inventory for the bookstore was sold to Follett Higher Education Group.

Restricted cash and investments of \$194.8 million consists of funds related to the Measure B Bond Funds totaling \$171.5 million and associated required reserves of \$15.7 million, which are deposited in a debt service fund held by Alameda County. The balance of the cash and investment includes cash deposit of other major funds held in the County Treasury and other banking and financial institutions. Net capital assets represent the District's original investment in land, site improvements, buildings, and equipment, less accumulated depreciation.

Accounts payable and accrued liabilities represent year-end accruals for services and goods received by the District during 2011-12, for which payment would not be made until fiscal year 2012-13. At June 30, 2012, the Measure B Bond Construction Fund owed contractors and vendors \$10.0 million, and the General Fund owed contractors, vendors, and employees \$5.3 million.

Deferred revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2011-12, deferred revenues were \$6.8 million. Of this amount, \$5.1 million represents student tuition and registration fees, received during 2011-12, for the 2012-13 summer and fall terms. The other \$1.7 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2011-12 fiscal year.

Other current liabilities are composed of the current portion of interest payable on bonds and the current portion of financing debt.

The District's long-term liabilities primarily consist of general obligation bond debt (\$558.9 million), other post employment benefit obligations (\$26.0 million), the remaining debt on the lease revenue bonds for the purchase of the District Office building (\$4.3 million), accrued employee compensated absences (\$1.9 million), and the Supplemental Employee Retirement Plans (\$1.8 million).

Net assets are divided into three components – *invested in capital assets (net of related debt), restricted, and unrestricted.*

Invested in capital assets, net of related debt is the difference between the amount shown for capital assets and the outstanding debt incurred to finance those capital assets. At June 30, 2012, capital assets were \$442.5 million. These assets are offset by debt incurred to finance those capital assets. The related debt is the general obligation bonds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

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

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets 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 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 \$36 per unit enrollment fee that is charged to all students registering for classes, and the additional \$215 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 \$6.6 million and \$1.9 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 (\$32.0 million) to include funding for vocational training and higher education programs and state grants (\$6.1 million) for categorical programs, such as DSPP, EOPS, and Matriculation, to name a few. Included in local grants and contracts (\$2.3 million) are all of the contracted education services, as well as all other miscellaneous service revenue received by the District.

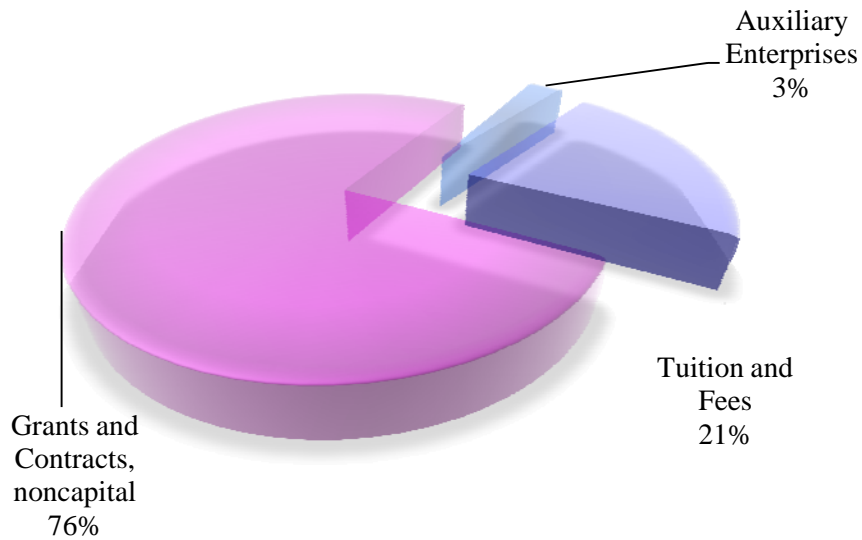
Other operating revenue consists of revenue from the Chabot College bookstore (\$1.3 million).

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

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

OPERATING REVENUE – JUNE 30, 2012

Revenues



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

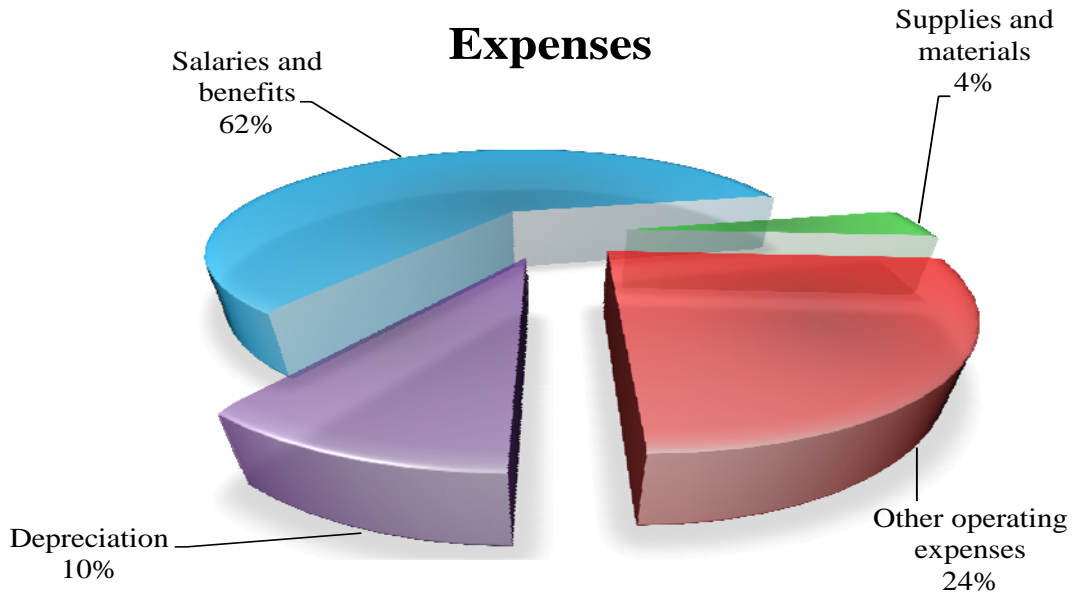
*Chabot-Las Positas
Community College District*

Statement of Revenues, Expenses, and Changes in Net Assets

Years Ended June 30	2012	2011
OPERATING REVENUES		
Tuition and fees	\$ 11,182,600	\$ 10,482,391
Grants and contracts - noncapital:		
Federal	31,957,634	31,011,543
State	6,080,889	6,606,937
Local	2,308,892	6,416,326
Auxiliary enterprises	1,331,801	3,283,018
Total Operating Revenues	52,861,816	57,800,215
OPERATING EXPENSES		
Academic salaries	41,658,038	44,866,533
Classified salaries	25,987,925	29,523,064
Employee benefits	33,381,062	34,153,958
Supplies and materials	6,699,827	8,172,736
Other operating expense	39,372,585	40,939,982
Depreciation	15,770,319	14,584,185
Total Operating Expenses	162,869,756	172,240,458
Operating Loss	(110,007,940)	(114,440,243)
NONOPERATING REVENUES (EXPENSES)		
State apportionments - noncapital	43,439,452	56,491,169
Local property taxes (capital and noncapital)	47,175,942	41,887,501
State taxes and other revenue	3,081,545	3,495,617
Investment income	5,257,195	11,949,132
Interest expense	(26,474,409)	(26,022,020)
Gain (Loss) on disposal of assets	7,252	(3,627,066)
Other nonoperating revenues	4,592,208	4,631,307
Total Nonoperating Revenues	77,079,185	88,805,640
Loss Before Other Revenues, Expenses, Gains, or Losses	(32,928,755)	(25,634,603)
State apportionments - capital	3,987,362	377,576
Increase (Decrease) in Net Assets	(28,941,393)	(25,257,027)
Net Assets - Beginning of Year	81,241,044	106,498,071
Net Assets - End of Year	\$ 52,299,651	\$ 81,241,044

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

OPERATING EXPENSES – JUNE 30, 2012



Operating Expenses by Functional Classification

June 30	2012	2011
OPERATING EXPENSES		
Instructional activities	\$ 50,809,148	\$ 58,960,379
Academic support	9,502,653	9,269,159
Student services	14,538,794	15,446,491
Operation and maintenance of plant	9,027,694	9,126,799
Institutional support	16,123,361	19,758,519
Community services and economic development	1,031,159	1,217,103
Ancillary services, auxiliary services	9,476,946	13,474,274
Student aid	25,228,494	26,216,739
Physical property/GASB entries	27,131,507	18,770,995
Total Operating Expenses	\$ 162,869,756	\$ 172,240,458

The functional expense chart incorporates all District funds appropriations for fiscal year 2011-12. The largest expense in 2011-12 was in the area of instruction at 31%.

The student services expense of 9% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include Matriculation, Disabled Student Services Program (DSPS), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 16%.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

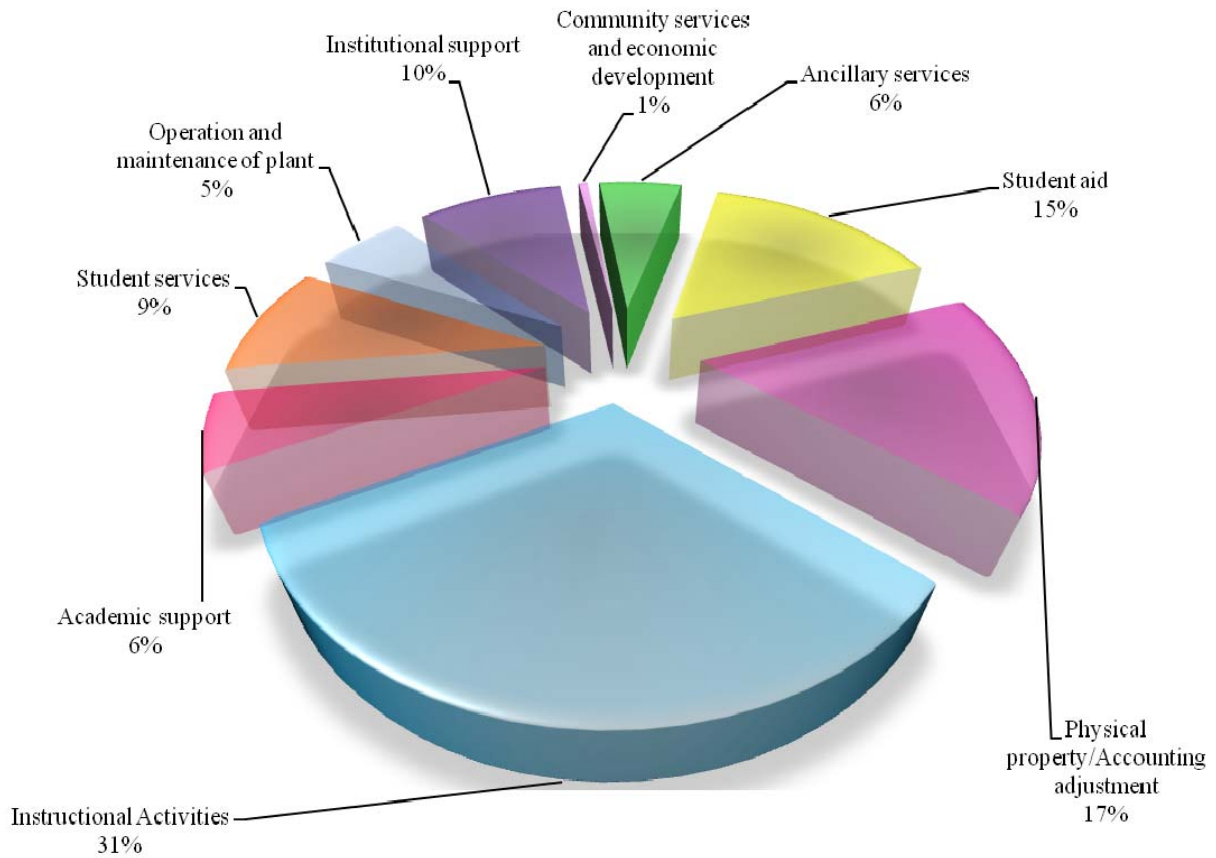
*Chabot-Las Positas
Community College District*

The bulk of the ancillary services and auxiliary operations percentage of 6% encompasses the bookstore operation, the childcare center, contract education department, food service, parking operation, and student and co-curricular activities.

The community services and economic development 1%, includes community services recreation classes and facility use. Plant maintenance and operation was 6%. Physical property, depreciation, and GASB entries of 17% consist of a number of building improvements and alterations that took place throughout the District.

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION - 2012

Functional Expenses



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

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 Revenues, Expenses, and Changes in Net Assets.

<u>Years Ended June 30</u>	<u>2012</u>	<u>2011</u>
Cash provided by (used in):		
Operating activities	\$ (90,305,803)	\$ (93,705,883)
Noncapital financing activities	77,774,698	82,363,210
Capital and related financing activities	(51,523,105)	(48,201,585)
Investing activities	<u>234,075,022</u>	<u>15,983,897</u>
Net Increase (Decrease) in Cash	170,020,812	(43,560,361)
Cash - Beginning of Year	<u>24,363,291</u>	<u>67,923,652</u>
Cash - End of Year	<u>\$ 194,384,103</u>	<u>\$ 24,363,291</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had a net \$442.5 million in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$40 million, or 10%, from last year. We present more detailed information regarding our capital assets in Note 4 of the financial statements.

Long-Term Debt

At June 30, 2012, the District had \$563.3 million in debt outstanding versus \$555.6 million last year, an increase due to the current year accreted interest for the general obligation bonds. Other obligations include compensated absences payable, other postemployment benefit obligations (OPEB), and Supplemental Employee Retirement Plans (SERP) liability. We present more detailed information regarding our long-term liabilities in Note 7 of the financial statements.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

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

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

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
5020 Franklin Drive
Pleasanton, California 94588
Email: byesnosky@clpccd.org.

FINANCIAL SECTION

STATEMENTS OF NET ASSETS

*Chabot-Las Positas
Community College District*

June 30	2012	2011
ASSETS		
CURRENT ASSETS		
Investments	\$ 434,558	\$ 349,662
Restricted cash and cash equivalents	14,571,394	16,107,898
Accounts receivable - net	27,673,997	24,458,185
Prepaid expenses	3,018,890	707,659
Deposits	-	250,000
Inventories	-	541,938
Total Current Assets	45,698,839	42,415,342
NONCURRENT ASSETS		
Restricted cash and cash equivalents	179,812,709	8,254,034
Restricted investments	434,721	229,566,671
Deferred charges - net	4,297,604	4,544,812
Nondepreciable capital assets	83,974,690	40,437,828
Depreciable capital assets - net of depreciation	358,488,996	361,956,768
Total Noncurrent Assets	627,008,720	644,760,113
Total Assets	\$ 672,707,559	\$ 687,175,455
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 15,859,488	\$ 15,221,932
Interest payable	3,737,061	3,863,550
Deferred revenue	6,799,162	6,373,019
Amounts held in trust custody on behalf of others	957,722	792,872
Long-term debt - current portion	8,340,739	9,455,000
Other long-term liabilities - current portion	739,718	924,833
Total Current Liabilities	36,433,890	36,631,206
NONCURRENT LIABILITIES		
Long-term debt - noncurrent portion	554,937,780	546,161,141
Other long-term liabilities - noncurrent portion	29,036,238	23,142,064
Total Noncurrent Liabilities	583,974,018	569,303,205
Total Liabilities	620,407,908	605,934,411
NET ASSETS		
Investments in capital assets - net of related debt	145,592,464	148,257,145
Restricted - expendable	27,327,929	27,542,406
Unrestricted	(120,620,742)	(94,558,507)
Total Net Assets	52,299,651	81,241,044
Total Liabilities and Net Assets	\$ 672,707,559	\$ 687,175,455

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

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

*Chabot-Las Positas
Community College District*

Years Ended June 30	2012	2011
OPERATING REVENUES		
Tuition and fees	\$ 16,627,725	\$ 15,610,189
Less: Scholarship discounts and allowances	5,445,125	5,127,798
Net Tuition and Fees	11,182,600	10,482,391
Grants and contracts - noncapital:		
Federal	31,957,634	31,011,543
State	6,080,889	6,606,937
Local	2,308,892	6,416,326
Other operating revenue	1,331,801	3,283,018
Total Operating Revenues	52,861,816	57,800,215
OPERATING EXPENSES		
Academic salaries	41,658,038	44,866,533
Classified salaries	25,987,925	29,523,064
Employee benefits	33,381,062	34,153,958
Supplies and materials	6,699,827	8,172,736
Other operating expenses	39,372,585	40,939,982
Depreciation	15,770,319	14,584,185
Total Operating Expenses	162,869,756	172,240,458
Operating Loss	(110,007,940)	(114,440,243)
NONOPERATING REVENUES (EXPENSES)		
State apportionments - noncapital	43,439,452	56,491,169
Local property taxes - noncapital	28,293,469	23,466,957
State taxes and other revenues	3,081,545	3,495,617
Investment income	5,257,195	11,949,132
Interest expense	(26,474,409)	(26,022,020)
Gain (Loss) on disposal of capital assets	7,252	(3,627,066)
Other nonoperating revenues	4,592,208	4,631,307
Total Nonoperating Revenues (Expenses)	58,196,712	70,385,096
Loss Before Other Revenues, Expenses, Gains, or Losses	(51,811,228)	(44,055,147)
Gifts and grants - capital	3,987,362	377,576
Local property taxes - capital	18,882,473	18,420,544
Change in Net Assets	(28,941,393)	(25,257,027)
Net Assets - Beginning of Year	81,241,044	106,498,071
Net Assets - End of Year	\$ 52,299,651	\$ 81,241,044

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

STATEMENTS OF CASH FLOWS

Years Ended June 30	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,686,706	\$ 10,974,491
Federal grants and contracts	32,350,516	30,165,087
State grants and contracts	5,494,093	6,443,923
Local grants and contracts	1,324,649	6,066,362
Payments to vendors for supplies and services	(20,681,421)	(21,433,608)
Payments to/on behalf of employees	(95,535,907)	(102,645,819)
Payments to/on behalf of students	(26,681,639)	(26,681,639)
Auxiliary enterprise sales and charges	1,331,801	3,283,018
Other operating receipts (payments)	(293,706)	122,302
Net Cash Used by Operating Activities	(91,004,908)	(93,705,883)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	42,032,269	53,688,739
Local property taxes	28,755,398	21,127,711
State taxes and other apportionments	3,230,404	3,490,083
Other nonoperating	4,026,416	4,056,677
Net Cash Provided by Noncapital Financing Activities	78,044,487	82,363,210
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(56,607,225)	(49,290,783)
Proceeds from disposal of capital assets	1,567,006	15,204
State revenue - capital projects	3,972,998	315,142
Local property taxes	18,420,544	18,420,544
Principal paid on capital debt	(9,640,115)	(8,110,968)
Interest paid on capital debt	(9,236,313)	(9,550,724)
Net Cash Used by Capital and Related Financing Activities	(51,523,105)	(48,201,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	4,943,051	12,026,329
Purchase of investments	-	(225,174,382)
Proceeds from liquidation of investments	229,562,646	229,130,591
Net Cash Provided by Investing Activities	234,505,697	15,982,538
Net Change in Cash and Cash Equivalents	170,022,171	(43,561,720)
Cash and Cash Equivalents - Beginning of Year	24,361,932	67,923,652
Cash and Cash Equivalents - End of Year	\$ 194,384,103	\$ 24,361,932

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

STATEMENTS OF CASH FLOWS

Years Ended June 30	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (110,007,940)	\$ (114,440,243)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	15,770,319	14,584,185
Changes in assets and liabilities:		
Accounts receivable - net	(1,154,838)	(805,096)
Prepaid expenses	(2,311,231)	(40,774)
Inventories	-	123,768
Accounts payable	617,527	260,006
Deferred revenue	440,505	(62,238)
Net other postemployment benefits obligation	5,894,174	6,300,867
Amounts held in trust custody on behalf of others	(253,424)	373,642
Net Cash Used by Operating Activities	\$ (91,004,908)	\$ (93,705,883)
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Restricted cash	\$ 14,571,394	\$ 16,107,898
Restricted cash and cash equivalents - noncurrent	179,812,709	8,254,034
Total Cash and Cash Equivalents	\$ 194,384,103	\$ 24,361,932

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

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity Chabot-Las Positas Community College District (the District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services in Alameda County and the surrounding area in the State of California. The District consists of two community colleges located within Alameda County.

The District identified the Chabot-Las Positas District College Foundation, the Chabot College Foundation, the Las Positas College Foundation, and the Chabot-Las Positas Community College District Financing Corporation (the Corporation) as potential component units. The District has elected not to present the Foundations as component units because the Foundations' assets, liabilities, and disbursements to the District are not considered to be significant to the District. The Corporation is presented as a component unit as the board is controlled by the board of the District.

The Corporation is a legally separate organization component unit of the District. The Corporation was formed to issue debt specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements of the District as if the activity was the District's. Individually-prepared financial statements are not prepared for the Chabot-Las Positas Community College District Financing Corporation. At its May 2011 board of trustees meeting, the board passed a resolution dissolving the financing corporation.

Basis of Presentation and Accounting The financial statement presentation required by Governmental Accounting Standards Board (GASB) Statement Nos. 34, 35, 37, 38, and 39 provides a comprehensive, entity-wide perspective of the District's overall financial position, results of operations and cash flows, and replaces the fund-group perspective previously required. The District now follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the District's financial activities.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement No. 20.

For financial reporting purposes, the District is considered a special-purpose government agency engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year end are recorded as deferred revenue as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

The financial accounts of the District are recorded and maintained in accordance with the *California Community Colleges Budget and Accounting Manual (BAM)*.

Cash and Cash Equivalents For purposes of the statements of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents except for money market mutual funds held in the Bookstore Fund. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

Investments GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the County treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

All other investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statements of revenues, expenses, and changes in net assets.

Restricted Cash and Investments Restricted cash and investments 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.

Accounts Receivable Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of California. Accounts receivable also include 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 for uncollectible accounts is calculated by applying certain percentages to each aging group. These percentages range from 0% to 100% depending on the age of the outstanding receivables. The allowance was estimated at \$459,381 and \$787,744 for the years ended June 30, 2012 and 2011, respectively.

Prepaid Expenses Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventories Inventories consist primarily of bookstore merchandise including, but not limited to, books, instructional materials, and sundry items held for resale to students and staff of the District. Inventories are valued at cost utilizing the weighted average method. Management has determined the likelihood of cost exceeding market to be low. The bookstore was outsourced to Follett Higher Education Group, Inc., effective December 8, 2011. At June 30, 2012, the District owned no inventory.

Capital Assets Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of \$5,000 or more and estimated useful life of greater than one year. 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.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and improvements, 10 years for site improvements, and 3 to 8 years for furniture and equipment.

Deferred Revenue Deferred revenue includes amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Deferred revenue also includes amounts received from grant and contract sponsors that have not yet been earned.

Amounts Held in Trust Custody on Behalf of Others Amounts held for others represent funds held by the District for the associated students trust fund, student representation fee trust fund, and other trust funds.

Compensated Absences Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as other long-term liabilities of the District.

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 the employee retires.

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 amount as a component of accounts payable.

Long-Term Liabilities Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method. Amortization of issuance costs was \$247,207 and \$247,207 for the years ended June 30, 2012 and 2011, respectively, and is included in interest expense.

Net Assets Net assets represent the difference between assets and liabilities. The District's net assets are classified as follows:

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

Restricted Net Assets-Expendable: Restricted expendable net assets represent resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties or when the fund from which they are derived is restricted in purpose per the BAM.

Unrestricted Net Assets: Unrestricted net assets represent resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. 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.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

Classification of Revenues The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, local property taxes, and investment income. Revenues are classified according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state, and local grants and contracts, and federal appropriations, and (4) interest on institutional student loans.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Statement No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances Student tuition and fees revenue are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. 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 students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as operating revenues (grants) and other operating expenses in the District's financial statements.

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 the recalculation in February will be recorded in the year computed by the State.

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 that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes for the District.

Budget and Budgetary Accounting By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District’s governing board approves revisions to the budget.

On-Behalf Payments GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the California State Teachers Retirement System (CalSTRS) and the California Public Employees’ Retirement System (CalPERS) on behalf of all Community College Districts in California. Payment amounts have not been reported in the basic financial statements as management believes they are immaterial to the financial statements taken as a whole.

Reclassifications Certain reclassifications have been made to prior year amounts to conform with current year presentation.

2. CASH AND INVESTMENTS

The cash and investments as of June 30, 2012 and 2011, are as follows:

	2012	2011
CURRENT		
Investments	\$ 434,558	\$ 349,662
Restricted cash and cash equivalents	14,571,394	16,107,898
NONCURRENT		
Restricted cash and cash equivalents	179,812,709	8,254,034
Restricted investments	434,721	229,566,671
Total Cash and Investments	\$ 195,253,382	\$ 254,278,265

At June 30, 2012 and 2011, the carrying amount of the District’s cash is summarized as follows:

	2012	2011
Cash in county treasury	\$ 183,386,441	\$ 13,957,157
Cash on hand and in banks	10,997,662	10,404,775
Total Deposits	\$ 194,384,103	\$ 24,361,932

As provided for by *California Education Code*, Section 41001, a significant portion of the District’s cash balances of most funds is deposited with the Alameda County Treasurer for the purpose of increasing interest earned through County investment activities.

Copies of the County’s audited financial statements can be obtained from the Alameda County Auditor-Controller’s Office, 1221 Oak Street, Room 249, Oakland, California 94612.

The pooled treasury has regulatory oversight from the Alameda County Treasury Oversight Committee in accordance with *California Government Code* requirements.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, approximately \$2,390,000 and \$1,022,000 of the District bank balances are insured at June 30, 2012 and 2011, respectively.

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 Remaining 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
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse 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

As of June 30, 2012 and 2011, the District's investments are as follows:

	<u>2012</u>	<u>2011</u>
U.S. treasury obligations	\$ 434,721	\$ 434,721
Money market mutual funds	434,558	349,662
Repurchase agreements	-	229,131,950
Total Investments	\$ 869,279	\$ 229,916,333

Risk Information

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. *California Government Code*, Section 53601 limits the District's investments to maturities of five years.

Authorized Under Debt Agreements

Investments 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*. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

	Weighted Average Maturity In Years
Money market mutual funds	N/A
U.S. treasury obligations	.15
County treasurer's investment pool	1.57

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The District's investment policy addresses credit risk by limiting its investment types as noted above to investments authorized by *California Government Code*.

Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

	Minimum Legal Rating	Rating at Year End (Unrated)
Money market mutual funds	None	N/A
U.S. treasury obligations	None	AAA
County treasurer's investment pool	None	N/A

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. The District does not have a policy for custodial credit risk.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2012 and 2011:

	2012	2011
Tuition and fees	\$ 3,184,196	\$ 3,514,488
Less: Allowance for doubtful accounts	(459,381)	(787,744)
Tuition and Fees - Net	2,724,815	2,726,744
Federal grants and contracts	1,473,730	1,866,612
State grants and contracts	928,869	534,468
Local grants and contracts	5,493,648	4,338,399
State apportionment	14,950,678	13,543,495
State lottery	519,215	952,737
State taxes and other revenues	56,561	205,420
Investment income	248,002	18,754
Other	1,278,479	271,557
Total	\$ 27,673,997	\$ 24,458,186

4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2012 and 2011, is summarized as follows:

	Balance June 30, 2011	Additions	Deductions	Transfers	Balance June 30, 2012
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 9,041,723	\$ -	\$ -	\$ -	\$ 9,041,723
Construction in progress	31,396,105	53,508,870	-	(9,972,008)	74,932,967
Total Nondepreciable Capital Assets	\$ 40,437,828	\$ 53,508,870	\$ -	\$ (9,972,008)	\$ 83,974,690
DEPRECIABLE CAPITAL ASSETS					
Site improvements	\$ 70,624,716	\$ -	\$ -	\$ (71,862)	\$ 70,552,854
Buildings and improvements	338,307,149	1,340	-	10,043,870	348,352,359
Furniture and equipment	12,316,593	2,354,656	(977,277)	-	13,693,972
Total Depreciable Capital Assets	421,248,458	2,355,996	(977,277)	9,972,008	432,599,185
Less: Accumulated depreciation	59,291,690	15,770,319	(951,820)	-	74,110,189
Total Capital Assets - Net	\$ 361,956,768	\$(13,414,323)	\$ (25,457)	\$ 9,972,008	\$ 358,488,996

	Balance June 30, 2010	Additions	Deductions	Transfers	Balance June 30, 2011
NONDEPRECIABLE CAPITAL ASSETS					
Land	\$ 6,508,633	\$ 2,533,090	\$ -	\$ -	\$ 9,041,723
Construction in progress	58,888,689	33,226,099	(275)	(60,718,408)	31,396,105
Total Nondepreciable Capital Assets	\$ 65,397,322	\$ 35,759,189	\$ (275)	\$ (60,718,408)	\$ 40,437,828
DEPRECIABLE CAPITAL ASSETS					
Site improvements	\$ 33,976,922	\$ 40,475	\$ -	\$ 36,607,319	\$ 70,624,716
Buildings and improvements	310,595,325	9,328,012	(5,727,277)	24,111,089	338,307,149
Furniture and equipment	11,141,097	2,983,243	(1,807,747)	-	12,316,593
Total Depreciable Capital Assets	355,713,344	12,351,730	(7,535,024)	60,718,408	421,248,458
Less: Accumulated depreciation	48,600,534	14,584,185	(3,893,029)	-	59,291,690
Total Capital Assets - Net	\$ 307,112,810	\$ (2,232,455)	\$ (3,641,995)	\$ 60,718,408	\$ 361,956,768

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

5. ACCOUNTS PAYABLE

Accounts payable at June 30, 2012 and 2011, consisted of the following:

	2012	2011
Accrued payroll and related liabilities	\$ 2,768,416	\$ 2,886,566
Construction payables	9,282,697	8,218,196
Other vendors	3,808,375	4,117,170
Total	\$ 15,859,488	\$ 15,221,932

6. DEFERRED REVENUE

Deferred revenue at June 30, 2012 and 2011, consisted of the following:

	2012	2011
Tuition and fees	\$ 5,086,097	\$ 4,624,202
State grants and contracts	801,671	994,068
Local grants and contracts	911,394	740,388
State revenues - capital	-	14,361
Total	\$ 6,799,162	\$ 6,373,019

7. LONG-TERM LIABILITIES

The long-term liability activity for the years ended June 30, 2012 and 2011, is as follows:

June 30, 2012	Beginning Balance	Accretion/ Additions	Reductions	Ending Balance
LONG-TERM DEBT				
Revenue bonds	\$ 4,495,000	\$ -	\$ 175,000	\$ 4,320,000
General obligation bonds	551,061,141	19,451,502	11,584,124	558,928,519
Notes payable	60,000	-	30,000	30,000
Total Long-Term Debt	\$ 555,616,141	\$ 19,451,502	\$ 11,789,124	\$ 563,278,519
OTHER LONG-TERM LIABILITIES				
Compensated absences	\$ 1,841,067	\$ 72,630	\$ -	\$ 1,913,697
Supplemental employee retirement plan	2,759,469	-	924,833	1,834,636
Other postemployment benefit obligation	19,466,361	6,561,262	-	26,027,623
Total Other Long-Term Liabilities	\$ 24,066,897	\$ 6,633,892	\$ 924,833	\$ 29,775,956

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

June 30, 2011	<u>Beginning Balance</u>	<u>Accretion/ Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
LONG-TERM DEBT				
Revenue bonds	\$ 4,665,000	\$ -	\$ 170,000	\$ 4,495,000
General obligation bonds	542,996,980	18,383,516	10,319,355	551,061,141
Notes payable	90,000	-	30,000	60,000
Total Long-Term Debt	<u>\$ 547,751,980</u>	<u>\$ 18,383,516</u>	<u>\$ 10,519,355</u>	<u>\$ 555,616,141</u>
OTHER LONG-TERM LIABILITIES				
Compensated absences	\$ 1,948,227	\$ -	\$ 107,160	\$ 1,841,067
Supplemental employee retirement plan	1,882,100	1,807,125	929,756	2,759,469
Other postemployment benefit obligation	13,576,671	5,889,690	-	19,466,361
Total Other Long-Term Liabilities	<u>\$ 17,406,998</u>	<u>\$ 7,696,815</u>	<u>\$ 1,036,916</u>	<u>\$ 24,066,897</u>

Long-term debt consisted of the following individual debt issues at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
REVENUE BONDS		
2001 Lease Revenue Bonds, Series A, issued by California Community College Financing Authority. The District participated in this financing in the original amount of \$5,735,000. Final maturity in 2028. Interest rates range from 4.50% to 6.00%.	<u>\$ 4,320,000</u>	<u>\$ 4,495,000</u>
GENERAL OBLIGATION BONDS		
2004 General Obligation Bonds, Series A, issued in the original amount of \$100,000,000 less \$90,000,000 re-funded through bond issuance in 2006. Final maturity in 2012. Interest rates range from 3.50% to 5.00%	<u>-</u>	<u>560,000</u>
2006 General Obligation Refunding Bonds, issued in the original amount of \$89,275,850 including current interest bonds and capital appreciation bonds. Final maturity in 2022. Stated interest rates from 3.5% to 5.00%, effective rate based on issuance premium 4.14%.	79,490,000	86,035,000
Capital appreciation bond discount net of issuance premium.	<u>(918,097)</u>	<u>(1,939,843)</u>
Total 2006 General Obligation Refunding Bonds	<u>78,571,903</u>	<u>84,095,157</u>
Balance Forward	<u>\$ 82,891,903</u>	<u>\$ 89,150,157</u>

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*Chabot-Las Positas
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	<u>2012</u>	<u>2011</u>
Balance Brought Forward	\$ 82,891,903	\$ 89,150,157
2006 General Obligation Bonds, Series B, issued in the original amount of \$229,159,710, including current interest bonds and capital appreciation bonds. Final maturity in 2032. Stated interest rates range from 3.60% to 5.00%, effective rate based on issuance premium 4.65%.	318,335,000	320,480,000
Capital appreciation bond discount net of issuance premium.	<u>(65,774,184)</u>	<u>(70,773,940)</u>
Total 2006 General Obligation Bonds, Series B	<u>252,560,816</u>	<u>249,706,060</u>
2006 General Obligation Bonds, Series C, issued in the original amount of \$168,838,667 of capital appreciation bonds. Final maturity in 2032. Stated interest rates range from 4.09% to 5.10%, effective rate based on issuance premium 5.04%.	849,250,000	849,250,000
Capital appreciation bond discount net of issuance premium.	<u>(621,454,200)</u>	<u>(632,550,076)</u>
Total 2006 General Obligation Bonds, Series C	<u>227,795,800</u>	<u>216,699,924</u>
NOTES PAYABLE		
The District has two notes payable to the Office of California Department of Education, payable in annual installments of \$30,000, with no interest.	30,000	60,000
Total Long-Term Debt	563,278,519	555,616,141
Less: Current portion	<u>8,340,739</u>	<u>9,455,000</u>
Total Long-Term Debt - Noncurrent Portion	<u>\$ 554,937,780</u>	<u>\$ 546,161,141</u>

General Obligation Bonds balances include \$98,309,431 and \$79,207,478 of accumulated accreted interest on the capital appreciation portions of these bonds at June 30, 2012 and 2011, respectively.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
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Lease Revenue Bonds

Year Ending June 30	Principal	Interest	Total
2013	\$ 185,000	\$ 204,725	\$ 389,725
2014	195,000	196,200	391,200
2015	200,000	188,200	388,200
2016	210,000	178,850	388,850
2017	220,000	168,100	388,100
2018-2022	1,295,000	658,744	1,953,744
2023-2027	1,635,000	296,594	1,931,594
2028	380,000	19,000	399,000
Total	\$ 4,320,000	\$ 1,910,413	\$ 6,230,413

General Obligation Bonds

Year Ending June 30	Principal	Accreted Interest	Current Interest	Total
2013	\$ 7,562,910	\$ 2,742,090	\$ 8,791,925	\$ 19,096,925
2014	6,018,527	5,171,473	8,726,925	19,916,925
2015	6,111,389	5,858,611	8,726,925	20,696,925
2016	5,798,504	6,951,496	8,726,925	21,476,925
2017	4,213,397	9,381,603	8,726,925	22,321,925
2018-2022	66,085,427	19,829,573	38,643,437	124,558,437
2023-2027	50,191,136	68,763,864	33,240,250	152,195,250
2028-2032	142,918,593	17,551,407	24,028,100	184,498,100
2033-2037	55,807,733	167,487,267	-	223,295,000
2038-2042	52,203,448	218,426,552	-	270,630,000
2043-2047	49,007,806	278,992,194	-	328,000,000
Total	\$ 445,918,870	\$ 801,156,130	\$ 139,611,412	1,386,686,412
Less: Current interest				(139,611,412)
Less: Unaccreted interest - net of unamortized premium				(688,146,481)
Net Outstanding Debt - June 30, 2012				\$ 558,928,519

Notes Payable

Year Ending June 30	Amount
2013	\$ 30,000

Termination Benefits

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

**NOTES TO THE FINANCIAL
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Under the SERP, the retirees will receive an annuity purchased by the District at a cost of 65% of the eligible employee's base salary. The annuity will provide a monthly benefit depending on the employee's age and the benefit option chosen by the employee. The District is paying for the annuities over a five-year period. The cost to the District represents the present value of the future payments. The cost of the first SERP is \$2,451,579, assuming a discount rate of .65% and the cost of the subsequent SERP is \$1,807,125, assuming a discount rate of .35%.

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

Year Ending June 30	SERP		Total
	2010	2011	
2013	\$ 385,722	\$ 363,955	\$ 749,677
2014	385,722	363,955	749,677
2015	-	363,955	363,955
Total	771,444	1,091,865	1,863,309
Less: Discount to present value	(17,293)	(11,380)	(28,673)
Present Value	\$ 754,151	\$ 1,080,485	\$ 1,834,636

Defeasance of Debt Obligation

In 2006, the District defeased \$90,000,000 of the 2004 Series A general obligation bonds by placing new bond proceeds in an irrevocable trust to provide for future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Defeased bonds outstanding at June 30, 2012 and 2011, were \$74,360,000 and \$76,300,000, respectively.

Other Postemployment Benefits (OPEB) Obligation

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year ended June 30, 2009. The District's actuarially determined annual required contributions for the years ended June 30, 2012 and 2011, were \$10,592,661 and \$10,592,661, respectively. Contributions made by the District during the years ended June 30, 2012 and 2011, were \$5,004,717 and \$4,498,624, respectively. This resulted in a net OPEB obligation of \$26,027,623 and \$19,466,361 at June 30, 2012 and 2011, respectively. See note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

8. PENSION PLANS

California State Teachers' Retirement System (CalSTRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50% or more in a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50% or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the State Teachers' Retirement Plan (STRP), a cost-sharing, multiple-employer contributory public employee retirement system. The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The STRP, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the STRP the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of 2% of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the 2% factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied.

Disability benefits are generally the maximum of 50% of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90% of final compensation. After five years of credited service, members become 100% vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable.

The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB benefit plan is optional; however, if the employee selects the CB benefit plan and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active plan members are required to contribute 8.0% of their gross salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Board based upon recommendations made by the consulting actuary. The required employer contribution rate for the fiscal years ended June 30, 2012 and 2011, were 8.25% of annual payroll for regular employees and 9.713% of annual payroll for reduced workload employees. The contribution requirements of the plan members are established by State statutes. The District's contributions to CalSTRS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$2,678,926, \$2,902,414, and \$2,970,002, respectively, and equaled 100% of the required contributions for each year.

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The State of California makes contributions to CalSTRS on behalf of the District equaling approximately 5.041% of covered members' gross salaries. The contribution for the years ending June 30, 2012, 2011, and 2010, are estimated to have been \$1,626,121, \$1,650,747, and \$1,607,633, respectively.

California Public Employees' Retirement System (CalPERS)

Plan Description

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The Chabot-Las Positas Community College District is part of a "cost-sharing" pool within CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0% of final compensation for each year of service credit.

Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5% at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from CalPERS, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary (7.0% of monthly salary over \$133.33 if the member participates in Social Security) and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal years ended June 30, 2012 and 2011, were 10.923% and 10.707%, respectively, of annual payroll. The contribution requirements of the plan members are established by State statutes. The District's contributions to CalPERS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$2,631,225, \$2,784,784, and \$2,534,663, respectively, and equaled 100% of the required contributions for each year.

A State of California contribution on behalf of the District to CalPERS was not required for the years ended June 30, 2012, 2011, and 2010.

**NOTES TO THE FINANCIAL
STATEMENTS**

June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

9. COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies.

In the current year Foster Care Title IV-E was audited as a major program as part of the OMB Circular A-133 compliance audit and a material weakness was identified. As described in item 12-1 in the accompanying schedule of findings and questioned costs, the District did not comply with all program requirements and may be required to return a material part of the related funding. The amount to return is contingent upon the funding agency's determination of compliance and calculation of questioned costs.

Grantor agency audits could generate expenditure disallowance under terms of the grants, however, management believes that, except for the non-compliance mentioned above, any required reimbursements will not be material.

Contingencies

The District is involved in various litigation and claims that arise in the normal course of business. In the opinion of management, the outcome of these matters will not have a material adverse impact on the District's financial position or results of operations.

Construction Project Commitments

DISTRICT-WIDE	
Information Technology & Tech Upgrades (B, N, R)	\$ 145,241
Classroom, Lab Equipment, Chabot College (N)	40,055
Classroom, Lab Equipment, Las Positas College (R)	30,620
Enterprise ERP Hardware/Software (E, N, R)	91,800
On-Going Maint & Repairs: Roofs, HVAC (A, B, C, E)	75,166
M&O Equipment (E)	990
Program Level Services, District (A, B, C, D, E)	1,605
Dublin Education Center Phase III (E)	311,893
Energy Projects (K, V)	2,285,240
Photovoltaic Solar Project, LPC (V)	140,482
District-Wide Totals	\$ 3,123,092

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June 30, 2012 and 2011

*Chabot-Las Positas
Community College District*

Balance Brought Forward	\$ 3,123,092
CHABOT COLLEGE	
Library Building - 100 (F)	363,158
Administration Building - 200 (E, K, N, Y)	5,171
Classroom Buildings 300, 500 (E, F)	28,265
Buildings - 1200, 1300, PAC Plaza (E, F, N)	5,170,860
Industrial Technology Building - 1400, 1600 (E, F)	453,131
Classroom Buildings - 1700, 1800 (E, F)	2,429,402
Building 3400, Reprographics Center (E, F)	119,953
Community and Student Services Center (E, F, I)	27,869
Physical Education Complex Buildings (F)	7,399,211
PE Complex - Strength & Fitness Center Bldg 4000 (F)	77,496
Classroom/Lab Equipment & Library Materials (F)	492,792
CC Project & Construction Management (Y)	620,442
Central Plant (Mech Conv Def Bldgs/IT Infrastructure) (B, K)	837,426
Parking Lots A & B and G & H (F)	30,956
Miscellaneous Site Work/Campus Security (F)	124,394
Photovoltaic Project (K)	183,014
Chabot College Totals	18,363,540
LAS POSITAS COLLEGE	
Child Development Center (E, O, S)	2,281
College Center for Arts (E, O)	2,196
Science & Technology (E, O, S, T)	1,405,774
Student Services & Central Administration (O, P, U, X)	7,034,866
Buildings - 500, 600, 700, 1700 Renovations (O, E)	23,637
Renovations (O, E)	11,023
LPC Instructional Equipment (O)	136,992
Central Utility Plant (O, V)	161,157
District-wide Information Technology Building (E, O, W)	5,701
LPC Program & Construction Management (Y)	549,160
Campus Entry Enhancements (P, X)	3,801
Campus Boulevard Phases I-III (P, X)	1,657,839
PE Phase III/Collier Creek (Outside Loop Road) (E, O)	960
EIR Services (Y)	31,331
Utilities Infrastructure Upgrade (V, X)	56,856
Fire Alarm/Security Upgrade (O)	57,312
Las Positas College Totals	11,140,886
District Total	\$ 32,627,518

10. RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal years ended June 30, 2012 and 2011, the District contracted with the Statewide Association of Community Colleges (SWACC) joint powers authority (JPA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. Liability claims up to \$25 million and property claims up to \$250 million, per occurrence, are covered by SWACC.

Workers' Compensation

For the fiscal years ended June 30, 2012 and 2011, the District was a member of the Protected Insurance Program for Schools (PIPS) joint powers authority (JPA), a self-insurance program that is reinsured to the first dollar. The intent of the JPA is to achieve lower costs by virtue of membership in a group that has significant purchasing leverage by way of its size (in excess of \$9.5 billion in payroll) and through the application of innovative cost control techniques such as medical cost management and legal cost management. While the group is comprised of both K-12 and community college districts, community colleges are rated separately. The collective experience of the community college members is utilized to develop a base rate for all community college members. Each individual member is then separately rated to determine their specific rate, which is then applied to their estimated payroll for the program year. Membership in the JPA is limited to K-12 and community college districts that can meet the selection criteria.

Natural Gas

For the fiscal years ended June 30, 2012 and 2011, the District was a member of the School Project for Utility Rate Reduction (SPURR) joint powers authority (JPA). SPURR is a buying group, which aggregates utility purchasing power and expertise for hundreds of constituent public agencies and thousands of facilities across California. SPURR's innovative natural gas procurement, energy expense management, and other services are available to public schools, community colleges, county offices of education, public universities, cities, counties, and municipal agencies. SPURR has access to major wholesalers that compete to supply its members' natural gas needs. SPURR provides core and noncore gas supply on the Pacific Gas & Electric (PG&E) system. As a member, the District has a choice of fixed rate and variable rate supplies, which they have set at 70% of gas supply priced at a fixed rate and 30% of gas supply priced at a variable rate. Percentages can be changed at any time. The available options and flexibility reduce risks from price spikes while retaining exposure to the spot market.

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Plan Description

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

The District offers subsidized health insurance benefits to all employees who retire from the District and meet the age and service requirement for eligibility. Group medical coverage is provided for academic retirees hired on or after April 1, 1986, and classified retirees hired on or after July 1, 1984. Such benefits are required through the District's union contracts. The amount of the District's contribution per employee towards such annual premiums is determined according to the collective bargaining agreements. Membership of the Plan consists of 375 retirees currently receiving benefits and 630 eligible active plan members.

Funding Policy

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. For the years ended June 30, 2012 and 2011, the District contributed \$5,004,717 and \$4,498,624, respectively, to the Plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the years ended June 30, 2012 and 2011, the amounts actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan.

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*Chabot-Las Positas
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	2012	2011
Annual required contribution	\$ 10,592,661	\$ 10,592,661
Adjustment to annual required contribution	-	(883,182)
Interest on net OPEB obligation	973,318	678,835
Annual OPEB Cost	11,565,979	10,388,314
Contributions	(5,004,717)	(4,498,624)
Change in Net OPEB Obligation	6,561,262	5,889,690
Net OPEB Obligation - Beginning of Year	19,466,361	13,576,671
Net OPEB Obligation - End of Year	\$ 26,027,623	\$ 19,466,361

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage Contributed	Net Ending OPEB Obligation
June 30, 2010	\$ 10,951,357	\$ 4,122,642	37.65%	\$ 13,576,671
June 30, 2011	\$ 10,388,313	\$ 4,498,624	43.30%	\$ 19,466,361
June 30, 2012	\$ 11,565,979	\$ 5,004,717	43.27%	\$ 26,027,623

Funded Status and Funding Progress

	February 1, 2009	June 1, 2011
Actuarial accrued liability (AAL)	\$ 118,122,460	\$ 138,649,163
Actuarial value of plan assets	-	-
Unfunded Actuarial Accrued Liability	\$ 118,122,460	\$ 138,649,163
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%
Covered payroll (active members)	\$ 54,644,319	\$ 55,796,114
UAAL as a Percentage of Covered Payroll	216.17%	248.49%

As of June 30, 2012 and 2011, the District had not set aside any amounts in an external trust fund.

Actuarial Methods and Assumptions

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability 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 to past expectations and new estimates are made about the future.

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*Chabot-Las Positas
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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 includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits 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 February 1, 2009, actuarial valuation, the entry-age normal cost method, was used. The actuarial assumptions included a 5.0% discount rate based on the assumption that a substantial portion of the ARC is unfunded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

In the June 1, 2011, actuarial valuation, the entry-age normal cost method, was used. The actuarial assumptions included a 5.0% discount rate based on the assumption that a substantial portion of the ARC is unfunded. A 3.0% price inflation and a 3.0% wage inflation assumptions were used as well as an annual cost trend rate of 4.0%. Unfunded actuarial accrued liabilities are amortized to produce payments (principal and interest), which are a level percent of payroll over a 30-year period.

12. PRIOR-PERIOD ADJUSTMENT

The Las Positas College Bookstore Fund was reclassified in fiscal 2011-12 from Other Trust Fund to Unrestricted General Fund. The BAM states that “If the district and/or college contracts for its bookstore operations, and the contractor assumes all responsibilities for the operation, then the revenues, except for those which must be placed in a debt service fund, shall be treated as General Fund Unrestricted revenues”. This reclassification caused several changes to the prior-period financial statements, including changes to the 2011 Net Assets – Beginning of Year amount and the 2011 Net Assets – End of Year amount, from \$106,112,864 to \$106,498,071 and from \$80,811,709 to \$81,241,044, respectively.

SUPPLEMENTARY INFORMATION SECTION

ORGANIZATION STRUCTURE

June 30, 2012

*Chabot-Las Positas
Community College District*

The District was established on January 10, 1961, and commenced operations on September 11, 1961.

GOVERNING BOARD

Name	Office	Term Expires
Ms. Isobel F. Dvorsky	President	2014
Dr. Arnulfo Cedillo	Secretary	2012
Mr. Donald L. "Dobie" Gelles	Member	2014
Dr. Barbara F. Mertes	Member	2012
Dr. Hal G. Gin	Member	2014
Dr. Marshall Mitzman	Member	2012
Mr. Carlo Vecchiarelli	Member	2012

DISTRICT ADMINISTRATION

Dr. Judy E. Walters
Chancellor

Mr. Lorenzo Legaspi
Vice Chancellor, Business Services

Mr. Wyman M. Fong
Vice Chancellor, Human Resources

Mr. Jeffrey Kingston
Vice Chancellor, Facilities and Measure B Program

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

*Chabot-Las Positas
Community College District*

June 30, 2012

The full-time equivalent resident students (FTES) eligible for 2011-12 state apportionment reported to the State of California as of June 30, 2012, are summarized below:

	Reported Data
<hr/> <hr/>	
SUMMER INTERSESSION (Summer 2011 only)	
Noncredit	-
Credit	969
SUMMER INTERSESSION (Summer 2012 - Prior to July 1, 2012)	
Noncredit	-
Credit	-
PRIMARY TERMS (Exclusive of Summer Intersession)	
Census Procedure Courses	
Weekly Census Contact Hours	11,470
Daily Census Contact Hours	756
Actual Hours of Attendance Procedure Courses	
Noncredit	89
Credit	409
Alternative Attendance Accounting Procedure	
Weekly Census Contact Hours	1,988
Daily Census Contact Hours	515
Noncredit Independent Study/Distance Education Courses	-
Total FTES	<hr/> <hr/> 16,196 <hr/> <hr/>
 <hr/> <hr/>	
SUPPLEMENTARY INFORMATION (Subset of above information)	
IN-SERVICE TRAINING COURSES (FTES)	26
BASIC SKILLS COURSES AND IMMIGRANT EDUCATION	
Noncredit	-
Credit	1,207
	<hr/> <hr/>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

June 30, 2012

*Chabot-Las Positas
Community College District*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through/ Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
FEDERAL DIRECT AWARDS			
U.S. DEPARTMENT OF EDUCATION			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants		84.007	\$ 277,282
Federal Work-Study Program		84.033	300,917
Federal Pell Grant Program		84.063	19,657,747
Federal Direct Student Loans		84.268	3,446,183
Federal Financial Aid Administrative Cost Allowance		84.063	<u>36,355</u>
Total Financial Aid Cluster			<u>23,718,484</u>
TRIO Cluster			
TRIO - Student Support Services		84.042	469,902
TRIO - Talent Search		84.047A	<u>215,434</u>
Total TRIO Cluster			<u>685,336</u>
Vocational Rehabilitation Cluster			
Rehabilitation Services - Vocational Rehabilitation Grants to States	27727	84.126	89,332
Rehabilitation Services - Vocational Rehabilitation Grants to States Recovery Act	27755A	84.390	<u>(13,217)</u>
Total Vocational Rehabilitation Cluster			<u>76,115</u>
Passed Through Chancellor's Office			
Vocational Education - Basic Grants to States	10-C01-007	84.048	1,071,335
Title III - Higher Education Institutional Aid		84.031	368,969
Fund for the Improvement of Postsecondary Education		84.116	159,790
Fund for the Improvement of Education		84.215	21,195
Child Care Access Means Parents in School		84.335	<u>16,586</u>
Total U.S. Department of Education			<u>26,117,810</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
Child and Adult Care Food Program	01-2962-1A	10.558	<u>78,293</u>
Total U.S. Department of Agriculture			<u>78,293</u>
U.S. DEPARTMENT OF ENERGY			
Direct Program			
Renewable Energy Research and Development - ARRA	FI090924	81.087	<u>3,398</u>
Total U.S. Department of Energy			<u>3,398</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Chancellor's Office			
Temporary Assistance for Needy Families		93.558	102,732
Child, Family, and Community Services - Head Start		93.600	439,158
Passed Through Alameda County			
Child Care and Development Block Grant		93.575	52,082
Child, Family, and Community Services - Foster Care - Title IV-E	900035-9903 6709(a)/6965	93.658	3,484,957
Direct Program			
Biomedical Research and Research Training		93.859	<u>12,258</u>
Total U.S. Department of Health and Human Services			<u>4,091,187</u>
U.S. DEPARTMENT OF LABOR			
Passed Through Alameda County			
WIA Cluster			
Workforce Investment Act Dislocated Worker Formula Grants	900035-6904 6858(a)	17.278	363,160
Workforce Investment Act Youth Activities	900032-7029 10-11AC/other	17.259	333,181
Workforce Investment Act Adult Program	900035-6904	17.258	<u>185,886</u>
Total WIA Cluster			<u>882,227</u>
Workforce Investment Act National Emergency Grants	900035-6858(a)	17.277	<u>466,443</u>
Total U.S. Department of Labor			<u>1,348,670</u>
Total Expenditures of Federal Awards			<u>\$ 31,639,358</u>

See the accompanying notes to the supplementary information.

**SCHEDULE OF EXPENDITURES OF
STATE AWARDS**

June 30, 2012

*Chabot-Las Positas
Community College District*

June 30, 2012	Program Revenues			
	Cash Received	Accounts Receivable	Deferred Revenue	Total
Extended Opportunity Programs and Services	\$ 633,983	\$ 348	\$ 931	\$ 635,262
Disabled Students Programs and Services	982,491	-	-	982,491
Basic Skills	198,453	-	108,244	306,697
CalWORKs	335,024	-	10,679	345,703
Cooperative Agency Resource Education	86,137	-	-	86,137
BFAP	659,317	-	9,797	669,114
Matriculation	597,379	849	-	598,228
Faculty and Staff Diversity	8,335	-	-	8,335
Economic Development - Workplace Learning Center	-	19,323	-	19,323
Career Tech Education	356,696	13,519	167,593	537,808
Career Tech Education - Transitions	-	93,940	-	93,940
Nursing Assessment	171,097	-	(3,102)	167,995
CERT Emergency Preparedness	2,000	-	-	2,000
Foster Care Kinship	210,207	(30,880)	-	179,327
Child Care Training Consortium	29,275	2,530	-	31,805
CARI Pre-Training	1,906	3,348	-	5,254
PRIDE Pre-Training	10,795	158	-	10,953
IDRC Surgical Tech	-	-	5,426	5,426
TANF	16,821	(16,821)	-	-
Lottery - Prop 20	632,405	(115,160)	(56,273)	460,972
CDC CACFP Food Program	5,262	-	-	5,262
CDC State Preschool/Wrap Around	469,168	-	-	469,168
CDC Facility Repair 09-12	1,936	-	-	1,936
CALGrants	903,587	-	-	903,587
Instructional Equipment Grant 08-09	-	-	14,362	14,362
Renovation of Buildings 1700/1800 CC	3,594,600	378,400	-	3,973,000
Total State Programs	\$ 9,906,874	\$ 349,554	\$ 257,657	\$ 10,514,085

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311) WITH
AUDITED FINANCIAL STATEMENTS**

June 30, 2012

	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund	Balance Forward
June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 5,887,202	\$ 1,129,726	\$ 29,910	\$ -	\$ 7,046,838
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Reclassification of amounts held for others	-	-	-	-	-
Rounding	(3)	(1)	(1)	-	(5)
Net Adjustments and Reclassifications	(3)	(1)	(1)	-	(5)
June 30, 2012, District Accounting Records Fund Balance	\$ 5,887,199	\$ 1,129,725	\$ 29,909	\$ -	\$ 7,046,833

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Bond Interest and Redemption Fund	Capital Outlay Projects Fund	General Obligation Bonds Fund	Balance Forward
June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 7,046,838	\$ 15,693,600	\$ 9,735,552	\$ 168,097,866	\$ 200,573,856
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Reclassification of amounts held for others	-	-	-	-	-
Rounding	(5)	-	-	-	(5)
Net Adjustments and Reclassifications	(5)	-	-	-	(5)
June 30, 2012, District Accounting Records Fund Balance	\$ 7,046,833	\$ 15,693,600	\$ 9,735,552	\$ 168,097,866	\$ 200,573,851

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Bookstore Fund	Self- Insurance Fund	Associated Students Trust Fund	Balance Forward
June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 200,573,856	\$ 676,184	\$ 366,034	\$ 403,892	\$ 202,019,966
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Reclassification of amounts held for others	-	-	-	(403,892)	(403,892)
Rounding	(5)	(1)	1	-	(5)
Net Adjustments and Reclassifications	(5)	(1)	1	(403,892)	(403,897)
June 30, 2012, District Accounting Records Fund Balance	\$ 200,573,851	\$ 676,183	\$ 366,035	\$ -	\$ 201,616,069

See the accompanying notes to the supplementary information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT (CCFS-311) WITH
AUDITED FINANCIAL STATEMENTS**

June 30, 2012

	Balance Brought Forward	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Balance Forward
June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 202,019,966	\$ 196,996	\$ 206,020	\$ 7,977	\$ 202,430,959
Adjustment and reclassifications increasing (decreasing) the fund balance:					
Reclassification of amounts held for others	(403,892)	-	-	(7,977)	(411,869)
Rounding	(5)	(1)	1		(5)
Net Adjustments and Reclassifications	(403,897)	(1)	1	(7,977)	(411,874)
June 30, 2012, District Accounting Records Fund Balance	\$ 201,616,069	\$ 196,995	\$ 206,021	\$ -	\$ 202,019,085

See the accompanying notes to the supplementary information.

	Balance Brought Forward	Other Trust Funds	Total
June 30, 2012, Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 202,430,959	\$ 908,492	\$ 203,339,451
Adjustment and reclassifications increasing (decreasing) the fund balance:			
Reclassification of amounts held for others	(411,869)	(908,492)	(1,320,361)
Rounding	(5)	-	(5)
Net Adjustments and Reclassifications	(411,874)	(908,492)	(1,320,366)
June 30, 2012, District Accounting Records Fund Balance	\$ 202,019,085	\$ -	\$ 202,019,085

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEETS –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 1 of 5

June 30, 2012	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 18,638	\$ -	\$ 18,638
Restricted cash and cash equivalents	-	390,970	-	-	390,970
Accounts receivable - net	19,390,306	2,700,610	595	179,000	22,270,511
Prepaid expenses	495,872	17,362	-	-	513,234
Due from other funds	-	-	10,676	286,171	296,847
Total Current Assets	19,886,178	3,108,942	29,909	465,171	23,490,200
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	-	-	-	-
Capital assets - net	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-
Total Assets	\$ 19,886,178	\$ 3,108,942	\$ 29,909	\$ 465,171	\$ 23,490,200
LIABILITIES					
Deficit cash balance	\$ 3,819,964	\$ -	\$ -	\$ 421,880	\$ 4,241,844
Accounts payable	4,789,713	508,915	-	43,289	5,341,917
Deferred revenue	5,313,533	1,425,660	-	-	6,739,193
Due to other funds	75,769	44,642	-	2	120,413
Amounts held for others	-	-	-	-	-
Total Liabilities	13,998,979	1,979,217	-	465,171	16,443,367
FUND EQUITY					
Fund balances:					
Reserved for debt service	-	-	-	-	-
Reserved for special purposes	-	1,129,725	-	-	1,129,725
Unreserved:					
Undesignated	5,887,199	-	29,909	-	5,917,108
Total Fund Equity	5,887,199	1,129,725	29,909	-	7,046,833
Total Liabilities and Fund Equity	\$ 19,886,178	\$ 3,108,942	\$ 29,909	\$ 465,171	\$ 23,490,200

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEETS –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 2 of 5

June 30, 2012	Balance Brought Forward	Bond Interest and Redemption Fund	Capital Outlay Projects Fund	General Obligation Bonds Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 18,638	\$ -	\$ -	\$ -	\$ 18,638
Restricted cash and cash equivalents	390,970	15,675,796	-	-	16,066,766
Accounts receivable - net	22,270,511	17,804	1,990,967	3,091,319	27,370,601
Prepaid expenses	513,234	-	3,828	2,501,828	3,018,890
Due from other funds	296,847	-	-	1,032,409	1,329,256
Total Current Assets	23,490,200	15,693,600	1,994,795	6,625,556	47,804,151
NONCURRENT ASSETS					
Restricted cash and cash equivalents	-	-	8,737,406	171,510,023	180,247,429
Capital assets - net	-	-	113,540	-	113,540
Total Noncurrent Assets	-	-	8,850,946	171,510,023	180,360,969
Total Assets	\$ 23,490,200	\$ 15,693,600	\$ 10,845,741	\$ 178,135,579	\$ 228,165,120
LIABILITIES					
Deficit cash balance	\$ 4,241,844	\$ -	\$ -	\$ -	\$ 4,241,844
Accounts payable	5,341,917	-	41,871	10,028,377	15,412,165
Deferred revenue	6,739,193	-	38,116	-	6,777,309
Due to other funds	120,413	-	1,030,202	9,336	1,159,951
Amounts held for others	-	-	-	-	-
Total Liabilities	16,443,367	-	1,110,189	10,037,713	27,591,269
FUND EQUITY					
Fund balances:					
Reserved for debt service	-	15,693,600	-	-	15,693,600
Reserved for special purposes	1,129,725	-	9,735,552	168,097,866	178,963,143
Unreserved:					
Undesignated	5,917,108	-	-	-	5,917,108
Total Fund Equity	7,046,833	15,693,600	9,735,552	168,097,866	200,573,851
Total Liabilities and Fund Equity	\$ 23,490,200	\$ 15,693,600	\$ 10,845,741	\$ 178,135,579	\$ 228,165,120

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEETS –
DISTRICT FUNDS INCLUDED IN
THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 3 of 5

June 30, 2012	Balance Brought Forward	Bookstore Fund	Self- Insurance Fund	Associated Students Trust Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 18,638	\$ 675,413	\$ -	\$ -	\$ 694,051
Restricted cash and cash equivalents	16,066,766	-	360,989	506,663	16,934,418
Accounts receivable - net	27,370,601	-	6,991	-	27,377,592
Prepaid expenses	3,018,890	-	-	-	3,018,890
Due from other funds	1,329,256	23,281	-	4,441	1,356,978
Total Current Assets	47,804,151	698,694	367,980	511,104	49,381,929
NONCURRENT ASSETS					
Restricted cash and cash equivalents	180,247,429	-	-	-	180,247,429
Capital assets - net	113,540	-	-	-	113,540
Total Noncurrent Assets	180,360,969	-	-	-	180,360,969
Total Assets	\$ 228,165,120	\$ 698,694	\$ 367,980	\$ 511,104	\$ 229,742,898
LIABILITIES					
Deficit cash balance	\$ 4,241,844	\$ -	\$ -	\$ -	\$ 4,241,844
Accounts payable	15,412,165	157	1,473	-	15,413,795
Deferred revenue	6,777,309	21,853	-	-	6,799,162
Due to other funds	1,159,951	501	472	68,994	1,229,918
Amounts held for others	-	-	-	442,110	442,110
Total Liabilities	27,591,269	22,511	1,945	511,104	28,126,829
FUND EQUITY					
Fund balances:					
Reserved for debt service	15,693,600	-	-	-	15,693,600
Reserved for special purposes	178,963,143	-	366,035	-	179,329,178
Unreserved:					
Undesignated	5,917,108	676,183	-	-	6,593,291
Total Fund Equity	200,573,851	676,183	366,035	-	201,616,069
Total Liabilities and Fund Equity	\$ 228,165,120	\$ 698,694	\$ 367,980	\$ 511,104	\$ 229,742,898

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEETS –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

June 30, 2012	Balance Brought Forward	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Representation Fee Trust Fund	Balance Forward
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 694,051	\$ -	\$ -	\$ -	\$ 694,051
Restricted cash and cash equivalents	16,934,418	538,854	153,959	7,977	17,635,208
Accounts receivable - net	27,377,592	308,718	(12,315)	-	27,673,995
Prepaid expenses	3,018,890	-	-	-	3,018,890
Due from other funds	1,356,978	227,866	84,187	-	1,669,031
Total Current Assets	49,381,929	1,075,438	225,831	7,977	50,691,175
NONCURRENT ASSETS					
Restricted cash and cash equivalents	180,247,429	-	-	-	180,247,429
Capital assets - net	113,540	-	-	-	113,540
Total Noncurrent Assets	180,360,969	-	-	-	180,360,969
Total Assets	\$ 229,742,898	\$ 1,075,438	\$ 225,831	\$ 7,977	\$ 231,052,144
LIABILITIES					
Deficit cash balance	\$ 4,241,844	\$ -	\$ -	\$ -	\$ 4,241,844
Accounts payable	15,413,795	429,896	15,798	-	15,859,489
Deferred revenue	6,799,162	-	-	-	6,799,162
Due to other funds	1,229,918	448,547	4,012	-	1,682,477
Amounts held for others	442,110	-	-	7,977	450,087
Total Liabilities	28,126,829	878,443	19,810	7,977	29,033,059
FUND EQUITY					
Fund balances:					
Reserved for debt service	15,693,600	-	-	-	15,693,600
Reserved for special purposes	179,329,178	196,995	206,021	-	179,732,194
Unreserved:					
Undesignated	6,593,291	-	-	-	6,593,291
Total Fund Equity	201,616,069	196,995	206,021	-	202,019,085
Total Liabilities and Fund Equity	\$ 229,742,898	\$ 1,075,438	\$ 225,831	\$ 7,977	\$ 231,052,144

See the accompanying notes to the supplementary information.

**COMBINING BALANCE SHEETS –
DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

June 30, 2012	Balance Brought Forward	Other Trust Funds	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 694,051	\$ -	\$ 694,051
Restricted cash and cash equivalents	17,635,208	918,542	18,553,750
Accounts receivable - net	27,673,995		27,673,995
Prepaid expenses	3,018,890	-	3,018,890
Due from other funds	1,669,031	20,436	1,689,467
Total Current Assets	50,691,175	938,978	51,630,153
NONCURRENT ASSETS			
Restricted cash and cash equivalents	180,247,429	-	180,247,429
Capital assets - net	113,540	-	113,540
Total Noncurrent Assets	180,360,969	-	180,360,969
Total Assets	\$ 231,052,144	\$ 938,978	\$ 231,991,122
LIABILITIES			
Deficit cash balance	\$ 4,241,844	\$ -	\$ 4,241,844
Accounts payable	15,859,489	-	15,859,489
Deferred revenue	6,799,162	-	6,799,162
Due to other funds	1,682,477	6,991	1,689,468
Amounts held for others	450,087	931,987	1,382,074
Total Liabilities	29,033,059	938,978	29,972,037
FUND EQUITY			
Fund balances:			
Reserved for debt service	15,693,600	-	15,693,600
Reserved for special purposes	179,732,194	-	179,732,194
Unreserved:			
Undesignated	6,593,291	-	6,593,291
Total Fund Equity	202,019,085	-	202,019,085
Total Liabilities and Fund Equity	\$ 231,052,144	\$ 938,978	\$ 231,991,122

See the accompanying notes to the supplementary information.

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 1 of 5

Year Ended June 30, 2012	Unrestricted General Fund	Restricted General Fund	Cafeteria Fund	Child Development Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 16,627,725	\$ -	\$ -	\$ -	\$ 16,627,725
Less: Scholarship discount and allowance	5,445,125	-	-	-	5,445,125
Net Tuition and Fees	11,182,600	-	-	-	11,182,600
Grants and contracts - noncapital:					
Federal	1,225	7,952,723	-	586,119	8,540,067
State	42,230	4,660,642	5,262	469,168	5,177,302
Local	171,929	1,936,622	32,810	167,531	2,308,892
Auxiliary enterprise sales and charges	-	-	-	-	-
Other operating revenues	-	5,615	-	-	5,615
Total Operating Revenues	11,397,984	14,555,602	38,072	1,222,818	27,214,476
OPERATING EXPENDITURES/EXPENSES					
Academic salaries	39,137,003	2,504,611	-	-	41,641,614
Classified salaries	19,391,587	4,514,601	28,863	1,047,931	24,982,982
Employee benefits	24,785,331	1,921,648	21,108	557,800	27,285,887
Supplies and materials	1,056,578	904,411	-	74,167	2,035,156
Other operating expenses	7,338,877	4,662,604	-	14,098	12,015,579
Capital outlay	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenditures/Expenses	91,709,376	14,507,875	49,971	1,693,996	107,961,218
Operating Income (Loss)	(80,311,392)	47,727	(11,899)	(471,178)	(80,746,742)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	43,439,452	-	-	-	43,439,452
Local property taxes	28,293,469	-	-	-	28,293,469
State taxes and other revenues	2,453,089	460,972	-	-	2,914,061
Investment income	26,005	-	247	130	26,382
Debt service - principal	-	-	-	(30,000)	(30,000)
Debt service - interest	-	-	-	-	-
Other nonoperating revenues (expenditures)	1,657,365	480,516	-	-	2,137,881
Total Nonoperating Revenues (Expenditures)	75,869,380	941,488	247	(29,870)	76,781,245
Income (Loss) Before Other Revenues and Expenditures/Expenses	(4,442,012)	989,215	(11,652)	(501,048)	(3,965,497)
OTHER REVENUES AND EXPENDITURES					
Gifts and grants - capital	-	14,362	-	-	14,362
Excess of Revenues Over (Under) Expenditures/Expenses	(4,442,012)	1,003,577	(11,652)	(501,048)	(3,951,135)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	4,825,971	257,140	10,676	4,244,462	9,338,249
Operating transfers out	(1,197,543)	(1,526,442)	-	(3,758,291)	(6,482,276)
Total Other Financing Sources (Uses)	3,628,428	(1,269,302)	10,676	486,171	2,855,973
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(813,584)	(265,725)	(976)	(14,877)	(1,095,162)
Fund Equity - Beginning of Year	6,700,783	1,395,450	30,885	14,877	8,141,995
Fund Equity - End of Year	\$ 5,887,199	\$ 1,129,725	\$ 29,909	\$ -	\$ 7,046,833

See the accompanying notes to the supplementary information.

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

Year Ended June 30, 2012	Balance Brought Forward	Bond Interest and Redemption Fund	Capital Outlay Projects Fund	General Obligation Bonds Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 16,627,725	\$ -	\$ -	\$ -	\$ 16,627,725
Less: Scholarship discount and allowance	5,445,125	-	-	-	5,445,125
Net Tuition and Fees	11,182,600	-	-	-	11,182,600
Grants and contracts - noncapital:					
Federal	8,540,067	-	-	-	8,540,067
State	5,177,302	-	-	-	5,177,302
Local	2,308,892	-	-	-	2,308,892
Auxiliary enterprise sales and charges	-	-	-	-	-
Other operating revenues	5,615	-	-	-	5,615
Total Operating Revenues	27,214,476	-	-	-	27,214,476
OPERATING EXPENDITURES/EXPENSES					
Academic salaries	41,641,614	-	16,424	-	41,658,038
Classified salaries	24,982,982	-	-	764,732	25,747,714
Employee benefits	27,285,887	-	2,061	287,566	27,575,514
Supplies and materials	2,035,156	-	6,633	13,527	2,055,316
Other operating expenses	12,015,579	-	391,910	1,840,230	14,247,719
Capital outlay	-	-	3,288,866	56,016,003	59,304,869
Depreciation	-	-	-	-	-
Total Operating Expenditures/Expenses	107,961,218	-	3,705,894	58,922,058	170,589,170
Operating Income (Loss)	(80,746,742)	-	(3,705,894)	(58,922,058)	(143,374,694)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	43,439,452	-	-	-	43,439,452
Local property taxes	28,293,469	18,882,473	-	-	47,175,942
State taxes and other revenues	2,914,061	167,483	-	-	3,081,544
Investment income	26,382	46,067	37,156	5,136,562	5,246,167
Debt service - principal	(30,000)	(8,900,451)	-	(175,000)	(9,105,451)
Debt service - interest	-	(9,373,012)	-	(212,850)	(9,585,862)
Other nonoperating revenues (expenditures)	2,137,881	-	2,101,121	-	4,239,002
Total Nonoperating Revenues (Expenditures)	76,781,245	822,560	2,138,277	4,748,712	84,490,794
Income (Loss) Before Other Revenues and Expenditures/Expenses	(3,965,497)	822,560	(1,567,617)	(54,173,346)	(58,883,900)
OTHER REVENUES AND EXPENDITURES					
Gifts and grants - capital	14,362	-	3,973,000	-	3,987,362
Excess of Revenues Over (Under) Expenditures/Expenses	(3,951,135)	822,560	2,405,383	(54,173,346)	(54,896,538)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	9,338,249	-	-	-	9,338,249
Operating transfers out	(6,482,276)	-	(500,000)	-	(6,982,276)
Total Other Financing Sources (Uses)	2,855,973	-	(500,000)	-	2,355,973
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(1,095,162)	822,560	1,905,383	(54,173,346)	(52,540,565)
Fund Equity - Beginning of Year	8,141,995	14,871,040	7,830,169	222,271,212	253,114,416
Fund Equity - End of Year	\$ 7,046,833	\$ 15,693,600	\$ 9,735,552	\$ 168,097,866	\$ 200,573,851

See the accompanying notes to the supplementary information.

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 3 of 5

Year Ended June 30, 2012	Balance Brought Forward	Bookstore Fund	Self- Insurance Fund	Associated Students Trust Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 16,627,725	\$ -	\$ -	\$ -	\$ 16,627,725
Less: Scholarship discount and allowance	5,445,125	-	-	-	5,445,125
Net Tuition and Fees	11,182,600	-	-	-	11,182,600
Grants and contracts - noncapital:					
Federal	8,540,067	-	-	-	8,540,067
State	5,177,302	-	-	-	5,177,302
Local	2,308,892	-	-	-	2,308,892
Auxiliary enterprise sales and charges	-	-	-	-	-
Other operating revenues	5,615	1,331,801	4,855,797	-	6,193,213
Total Operating Revenues	27,214,476	1,331,801	4,855,797	-	33,402,074
OPERATING EXPENDITURES/EXPENSES					
Academic salaries	41,658,038	-	-	-	41,658,038
Classified salaries	25,747,714	240,210	-	-	25,987,924
Employee benefits	27,575,514	96,490	-	-	27,672,004
Supplies and materials	2,055,316	953,211	-	-	3,008,527
Other operating expenses	14,247,719	186,678	5,004,413	-	19,438,810
Capital outlay	59,304,869	-	-	-	59,304,869
Depreciation	-	-	-	-	-
Total Operating Expenditures/Expenses	170,589,170	1,476,589	5,004,413	-	177,070,172
Operating Income (Loss)	(143,374,694)	(144,788)	(148,616)	-	(143,668,098)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	43,439,452	-	-	-	43,439,452
Local property taxes	47,175,942	-	-	-	47,175,942
State taxes and other revenues	3,081,544	-	-	-	3,081,544
Investment income	5,246,167	398	10,406	-	5,256,971
Debt service - principal	(9,105,451)	-	-	-	(9,105,451)
Debt service - interest	(9,585,862)	-	-	-	(9,585,862)
Other nonoperating revenues (expenditures)	4,239,002	83,835	-	-	4,322,837
Total Nonoperating Revenues (Expenditures)	84,490,794	84,233	10,406	-	84,585,433
Income (Loss) Before Other Revenues and Expenditures/Expenses	(58,883,900)	(60,555)	(138,210)	-	(59,082,665)
OTHER REVENUES AND EXPENDITURES					
Gifts and grants - capital	3,987,362	-	-	-	3,987,362
Excess of Revenues Over (Under) Expenditures/Expenses	(54,896,538)	(60,555)	(138,210)	-	(55,095,303)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	9,338,249	-	-	-	9,338,249
Operating transfers out	(6,982,276)	-	(2,489,841)	-	(9,472,117)
Total Other Financing Sources (Uses)	2,355,973	-	(2,489,841)	-	(133,868)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(52,540,565)	(60,555)	(2,628,051)	-	(55,229,171)
Fund Equity - Beginning of Year	253,114,416	736,738	2,994,086	-	256,845,240
Fund Equity - End of Year	\$ 200,573,851	\$ 676,183	\$ 366,035	\$ -	\$ 201,616,069

See the accompanying notes to the supplementary information.

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 4 of 5

Year Ended June 30, 2012	Balance Brought Forward	Student Financial Aid Trust Fund	Scholarship and Loan Trust Fund	Student Representation Fee Trust Fund	Balance Forward
OPERATING REVENUES					
Tuition and fees	\$ 16,627,725	\$ -	\$ -	\$ -	\$ 16,627,725
Less: Scholarship discount and allowance	5,445,125	-	-	-	5,445,125
Net Tuition and Fees	11,182,600	-	-	-	11,182,600
Grants and contracts - noncapital:					
Federal	8,540,067	23,417,567	-	-	31,957,634
State	5,177,302	903,587	-	-	6,080,889
Local	2,308,892	-	-	-	2,308,892
Auxiliary enterprise sales and charges	-	-	-	-	-
Other operating revenues	6,193,213	-	-	-	6,193,213
Total Operating Revenues	33,402,074	24,321,154	-	-	57,723,228
OPERATING EXPENDITURES/EXPENSES					
Academic salaries	41,658,038	-	-	-	41,658,038
Classified salaries	25,987,924	-	-	-	25,987,924
Employee benefits	27,672,004	-	-	-	27,672,004
Supplies and materials	3,008,527	-	-	-	3,008,527
Other operating expenses	19,438,810	-	38,460	-	19,477,270
Capital outlay	59,304,869	-	-	-	59,304,869
Depreciation	-	-	-	-	-
Total Operating Expenditures/Expenses	177,070,172	-	38,460	-	177,108,632
Operating Income (Loss)	(143,668,098)	24,321,154	(38,460)	-	(119,385,404)
NONOPERATING REVENUES (EXPENDITURES)					
State apportionments - noncapital	43,439,452	-	-	-	43,439,452
Local property taxes	47,175,942	-	-	-	47,175,942
State taxes and other revenues	3,081,544	-	-	-	3,081,544
Investment income	5,256,971	-	224	-	5,257,195
Debt service - principal	(9,105,451)	-	-	-	(9,105,451)
Debt service - interest	(9,585,862)	-	-	-	(9,585,862)
Other nonoperating revenues (expenditures)	4,322,837	(24,482,903)	32,348	-	(20,127,718)
Total Nonoperating Revenues (Expenditures)	84,585,433	(24,482,903)	32,572	-	60,135,102
Income (Loss) Before Other Revenues and Expenditures/Expenses	(59,082,665)	(161,749)	(5,888)	-	(59,250,302)
OTHER REVENUES AND EXPENDITURES					
Gifts and grants - capital	3,987,362	-	-	-	3,987,362
Excess of Revenues Over (Under) Expenditures/Expenses	(55,095,303)	(161,749)	(5,888)	-	(55,262,940)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	9,338,249	149,666	-	-	9,487,915
Operating transfers out	(9,472,117)	(15,798)	-	-	(9,487,915)
Total Other Financing Sources (Uses)	(133,868)	133,868	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(55,229,171)	(27,881)	(5,888)	-	(55,262,940)
Fund Equity - Beginning of Year	256,845,240	224,876	211,909	-	257,282,025
Fund Equity - End of Year	\$ 201,616,069	\$ 196,995	\$ 206,021	\$ -	\$ 202,019,085

See the accompanying notes to the supplementary information.

**COMBINING STATEMENTS OF REVENUES,
EXPENDITURES/EXPENSES, AND CHANGES IN
FUND EQUITY – DISTRICT FUNDS INCLUDED
IN THE REPORTING ENTITY**

*Chabot-Las Positas
Community College District*
Page 5 of 5

Year Ended June 30, 2012	Balance Brought Forward	Other Trust Funds	Total
OPERATING REVENUES			
Tuition and fees	\$ 16,627,725	\$ -	\$ 16,627,725
Less: Scholarship discount and allowance	5,445,125	-	5,445,125
Net Tuition and Fees	11,182,600	-	11,182,600
Grants and contracts - noncapital:			
Federal	31,957,634	-	31,957,634
State	6,080,889	-	6,080,889
Local	2,308,892	-	2,308,892
Auxiliary enterprise sales and charges	-	-	-
Other operating revenues	6,193,213	-	6,193,213
Total Operating Revenues	57,723,228	-	57,723,228
OPERATING EXPENDITURES/EXPENSES			
Academic salaries	41,658,038	-	41,658,038
Classified salaries	25,987,924	-	25,987,924
Employee benefits	27,672,004	-	27,672,004
Supplies and materials	3,008,527	-	3,008,527
Other operating expenses	19,477,270	-	19,477,270
Capital outlay	59,304,869	-	59,304,869
Depreciation	-	-	-
Total Operating Expenditures/Expenses	177,108,632	-	177,108,632
Operating Income (Loss)	(119,385,404)	-	(119,385,404)
NONOPERATING REVENUES (EXPENDITURES)			
State apportionments - noncapital	43,439,452	-	43,439,452
Local property taxes	47,175,942	-	47,175,942
State taxes and other revenues	3,081,544	-	3,081,544
Investment income	5,257,195	-	5,257,195
Debt service - principal	(9,105,451)	-	(9,105,451)
Debt service - interest	(9,585,862)	-	(9,585,862)
Other nonoperating revenues (expenditures)	(20,127,718)	-	(20,127,718)
Total Nonoperating Revenues (Expenditures)	60,135,102	-	60,135,102
Income (Loss) Before Other Revenues and Expenditures/Expenses	(59,250,302)	-	(59,250,302)
OTHER REVENUES AND EXPENDITURES			
Gifts and grants - capital	3,987,362	-	3,987,362
Excess of Revenues Over (Under) Expenditures/Expenses	(55,262,940)	-	(55,262,940)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	9,487,915	-	9,487,915
Operating transfers out	(9,487,915)	-	(9,487,915)
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	(55,262,940)	-	(55,262,940)
Fund Equity - Beginning of Year	257,282,025	-	257,282,025
Fund Equity - End of Year	\$ 202,019,085	\$ -	\$ 202,019,085

See the accompanying notes to the supplementary information.

**RECONCILIATION OF FUND EQUITY
TO NET ASSETS**

June 30, 2012

*Chabot-Las Positas
Community College District*

Total Fund Equity - District Funds Included in the Reporting Entity		\$ 202,019,085
Assets recorded within the GASB 35 Statement of Net Assets not included in the District fund financial statements:		
Las Positas Bookstore fund equity adjustment	\$ 424,351	
Dublin Center fund equity adjustment	(113,540)	310,811
Depreciable capital assets	432,599,184	
Accumulated depreciation	(74,110,187)	358,488,997
Nondepreciable capital assets		83,974,690
Deferred costs - net		4,297,604
Liabilities recorded within the GASB 35 Statement of Net Assets not recorded in the District fund financial statements:		
Accrued interest		(3,737,061)
Long-term debt	(563,278,519)	
Other long-term liabilities	(29,775,956)	(593,054,475)
Net Assets Reported Within the GASB 35 Statement of Net Assets		\$ 52,299,651

See the accompanying notes to the supplementary information.

**RECONCILIATION OF CHANGE IN FUND
EQUITY TO CHANGE IN NET ASSETS**

June 30, 2012

*Chabot-Las Positas
Community College District*

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ (55,262,940)
Compensated absence expense addition reported within GASB 35 Statements	(72,630)
Depreciation expense reported within GASB 35 Statements	(15,770,319)
Loss on disposal of assets reported within the GASB 35 Statements	(25,509)
Amortization of bond issuance cost reported within the GASB 35 Statements	(247,207)
Accreted interest expense on capital appreciation bonds, net of issuance premium reported within the GASB 35 Statements	(16,576,839)
Capital outlay expense not reported within the GASB 35 Statements	55,864,866
Additional expense of other postemployment benefits reported within the GASB 35 Statements	(4,784,226)
Employee benefits expense resulting from employees' acceptance of the supplemental employee retirement plan	(924,833)
Principal payments on debt not reported within the GASB 35 Statements	8,858,244
Net Change in Net Assets Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Assets	\$ (28,941,393)

See the accompanying notes to the supplementary information.

1. PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards

The audit of the Chabot-Las Positas Community College District (the District) for the year ended June 30, 2012, was conducted in accordance with OMB Circular A-133, which requires disclosure of the financial activities of all federally funded programs. To comply with OMB Circular A-133 and state requirements, the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards were prepared for the District.

The schedules have been prepared on the accrual basis of accounting.

Schedule of Workload Measures for State General Apportionment

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2012, represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with District Accounting Records

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District accounting records.

2. COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying Combining Balance Sheets – District Funds Included in the Reporting Entity, Combining Statements of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity are presented on the modified accrual basis of accounting with the exception of the Bookstore Fund, which is presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

**NOTES TO THE SUPPLEMENTARY
INFORMATION**

June 30, 2012

*Chabot-Las Positas
Community College District*

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable” and “available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue, and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District reports deferred revenue on its combining balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

OTHER REPORTS SECTION



MATSON
& ISOM

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees
Chabot-Las Positas Community College District
Pleasanton, California

We have audited the financial statements of the business-type activities of the Chabot-Las Positas Community College District (the District) as of and for the year ended June 30, 2012, which comprise the District's basic financial statements and have issued our report thereon dated January 8, 2013. 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; and the standards prescribed by the California Department of Finance.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are best described in the accompanying schedule of findings and questioned costs as items 12-1 through 12-11.

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

Continued

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

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

Matson and Isom

January 8, 2013
Redding, California



MATSON
& ISOM

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees
Chabot-Las Positas Community College District
Pleasanton, California

Compliance

We have audited the compliance of Chabot-Las Positas Community College District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in item 12-1 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding indirect costs and matching that are applicable to its Foster Care Title IV-E program. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

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

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

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

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

Matson and Isom

January 8, 2013
Redding, California



MATSON
& ISOM

**INDEPENDENT AUDITORS' REPORT ON
STATE COMPLIANCE REQUIREMENTS**

To the Board of Trustees
Chabot-Las Positas Community College District
Pleasanton, California

We have audited the Chabot-Las Positas Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2011-12*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2012. The applicable state compliance requirements are identified in the table below. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on District's compliance with the state laws and regulations based on our audit.

We conducted our audit 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 *California Community Colleges Contracted District Audit Manual 2011-12*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2011-12*, 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 compliance with the state laws and regulations described in the schedule below. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

SALARIES OF CLASSROOM INSTRUCTORS: 50 PERCENT LAW
APPORTIONMENT FOR INSTRUCTIONAL SERVICE AGREEMENTS/CONTRACTS
STATE GENERAL APPORTIONMENT REQUIRED DATA ELEMENTS
RESIDENCY DETERMINATION FOR CREDIT COURSES
STUDENTS ACTIVELY ENROLLED
CONCURRENT ENROLLMENT OF K-12 STUDENTS IN COMMUNITY COLLEGE CREDIT COURSES
GANN LIMIT CALCULATION
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS) - USE OF STATE AND FEDERAL TANF FUNDING
OPEN ENROLLMENT
STUDENT FEES - INSTRUCTIONAL AND OTHER MATERIALS
STUDENT FEES - HEALTH FEES AND USE OF HEALTH FEES
EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (EOPS) AND COOPERATIVE AGENCIES RESOURCES FOR EDUCATION (CARE)
DISABLED STUDENT PROGRAMS AND SERVICES (DSPS)
CURRICULUM AND INSTRUCTION
TO BE ARANGED HOURS (TBA)

**INDEPENDENT AUDITORS' REPORT ON
STATE COMPLIANCE REQUIREMENTS**

Continued

In our opinion, the District complied, in all material respects, with the state laws and regulations referred to above that are applicable to the District for the year ended June 30, 2012, except as described in the accompanying schedule of findings and questions costs as items 12-2 through 12-11.

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

Matson and Isom

January 8, 2013
Redding, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

**SECTION I
SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued	Unqualified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	None Reported
Type of auditors' report issued on compliance for major program	Qualified
Audit findings disclosed relative to major federal award programs?	Yes
Identification of major programs	
CFDA Nos 84.007, 84.033, 84.268, and 84.063	Student Financial Assistance Cluster
CFDA No. 84.048	Vocational Education – Basic Grants to States
CFDA No. 17.277	Workforce Investment Act - National Emergency Grants
CFDA No. 93.658	Child, Family, and Community Services – Foster Care Title IV-E
Threshold for distinguishing types A and B programs	\$300,000
Determined to be a low-risk auditee?	No

STATE AWARDS

Internal control over state programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors' report issued on compliance for state programs	Qualified

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
Foster Care – TITLE IV-E – CFDA No. 93.658
FEDERAL COMPLIANCE (Indirect Costs and Matching)
(12-1)**

Material Weakness

Condition

In previous years the District provided contract education services to Alameda County (the County) related to the County's operation of its Foster Care – Title IV-E program. Effective for the year ended June 30, 2012, the District negotiated a new contract with the County and became a subrecipient (or co-participant) in the program with the County. However, the District continued to operate as a service provider to the County and not a co-participant subject to federal grant requirements. Because of this, the District charged indirect costs to the Foster Care – Title IV-E program based on rates which were not approved by the District's cognizant federal agency.

Based on our testing of District records, actual direct expenses of the program were \$2,327,140, of which according to OMB Circular A-133 Compliance Supplement, 25% needs to be provided as a match. The District received federal funding in the amount of \$3,446,793.

Criteria

OMB Circular A-21 requires indirect costs allocated to federal programs to be supported by indirect cost rates that are uniformly applied to both federally funded and other activities of the program operator (District) and that the percentage of federal funding in expenditures for training or current or prospective foster or adoptive parents is 75%.

Effect

Of the \$2,327,140 of direct costs we were able to verify, we understand that 25% should be provided by the District as a match. The District received \$3,446,793. Based on this information, we have identified the difference of \$1,701,438 as a questioned cost.

Recommendation

We recommend District management either negotiate a federally-approved indirect rate with the cognizant agency, or establish an indirect rate utilizing the simplified method for small institutions as outline in OMB Circular A-21, if applicable.

Response

Indirect costs should be included in the reimbursement amount of this grant subcontract and the auditors did not include the indirect rate as part of their calculations. The District will utilize the simplified method for small institutions, if applicable, to establish an indirect rate or will use a negotiated federally-approved indirect rate for Alameda County Title IV-E contracts. The District has been pursuing eligibility to negotiate a federally-approved indirect rate, and once the District becomes eligible, we will negotiate a federally-approved indirect rate to utilize for all sponsored agreements.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

**SECTION IV FINDINGS
STATE AWARDS AUDIT**

STATE COMPLIANCE (DSPS)

(12-2)

Significant Deficiency

Condition

Three of the 25 files tested at Chabot College for DSPS eligibility did not contain a verification of disability form.

Criteria

A verification of disability form should be placed in each student's file. This form should be signed by the appropriate professional or representative from an agency participating in interagency agreements with the State Chancellor's Office. The verification should include the functional limitations resulting from the disability so that its impact on the student in the educational setting can be appropriately determined. Documentation of the educational limitation should be written in the *Student Educational Contract* (see Section 56022) relating the educational limitation to the services (See Section 56000(b) and Section 56004).

Effect

The District did not maintain information required by the program to substantiate students participating in the program are eligible.

Recommendation

We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until a disability verification form is received.

Response

The District will implement a procedure to ensure that all students claimed for funding have a disability verification form on file.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (CalWORKS)

(12-3)

Significant Deficiency

Condition

Two of the 16 files tested at Las Positas College did not contain verification of eligibility for the CalWORKs program.

Criteria

Per the Chancellor's Office CalWORKs Program Handbook Guidelines_Updated Nov 2010, once a student's initial eligibility for services is determined, the CalWORKs program must maintain a case file for each student that documents his or her eligibility and the services provided through the program.

Effect

The District does not maintain information required by the program to substantiate students participating in the program are eligible.

Recommendation

We recommend the District implement a procedure to ensure that each student is not only reported based on enrollment, but also that each student has an updated verification of eligibility in the student file before being reported.

Response

The District will revise the procedure for reporting CalWORKs recipients to include only students whose eligibility has been verified and is on file.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (DSPS)

(12-4)

Significant Deficiency

Condition

A program plan was not available or kept on file at Las Positas College.

Criteria

Per the DSPS Implementing Guidelines, each district shall submit to the Chancellor, a DSPS program plan for each college within the District. Upon approval by the Chancellor, the plan shall be a contract between the District and the Chancellor. Copies of the plan should be kept on file in the college DSPS office together with the letter of approval by the State Chancellor's Office.

Effect

The District is not in compliance with program documentation requirements.

Recommendation

We recommend that each college in the District develop a program plan and submit to the State Chancellor's Office that plan for approval. After approval, we recommend a copy of the plan be kept in each DSPS office.

Response

The District will create a program plan for DSPS and submit it to the State Chancellor's Office.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (CARE)

(12-5)

Significant Deficiency

Condition

Las Positas College CARE advisory committee only held one meeting during the 2011-12 academic year.

Criteria

Per the CARE Program Guidelines (Revised August 1, 2010), each CARE program shall have an advisory committee and/or interagency group meetings. The advisory committee and/or interagency group meetings shall meet at least twice during each academic year.

Effect

The District is not in compliance with program committee meeting requirements.

Recommendation

We recommend the District hold at least two CARE advisory committee meeting each academic year.

Response

The District is now aware of the requirement to hold two meetings per academic year and will ensure that at least two meetings are held each year going forward.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (EOPS)

(12-6)

Significant Deficiency

Condition

One of the 25 files tested at Chabot College for EOPS eligibility did not contain a student education plan.

Criteria

Per Title V Section 56222, to remain eligible to receive EOPS programs and services, students shall file an initial EOPS application and complete and adhere to a student educational plan and an EOPS mutual responsibility contract for programs and services.

Effect

The District does not maintain information required by the program to substantiate students participating in the program are eligible.

Recommendation

We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until all eligibility requirements have been met.

Response

The District will implement a procedure to ensure that all students claimed for funding have a student education plan on record.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (DSPS)

(12-7)

Significant Deficiency

Condition

Seven of the 25 files tested at Chabot College and one of the 25 files tested at Las Positas College for DSPS eligibility did not contain a student education plan (SEC) and verification showing the student was notified of all policies regarding rights and obligations of receiving services.

Criteria

Per the Chancellor's Office Implementing Guidelines for Title 5 Regulations, an up-to-date SEC for the current year, signed by the student and the DSPS professional staff person, should be available in the file of each student receiving services paid through the DSPS office.

Documentation that verifies that the student was notified of all policies dealing with the rights and responsibilities in receiving DSPS services should be in the student's file. In order to suspend or terminate DSPS services to a student there should also be a copy of all notices sent to the student about the student's abuse of DSPS services, all documents of the appeal process, and a copy of the notification of the outcome of the appeal, in the student's file.

Effect

The District did not maintain information required by the program to substantiate students participating in the program are eligible.

Recommendation

We recommend the District implement a procedure to ensure that a student is not entered into the system and counted as being served until a completed SEC is signed by the student and in the student file. At Las Positas College, we recommend that the college revise the SEC or develop a separate form to notify the student of their rights and responsibilities in receiving DSPS services. At Chabot College we recommend the college separate the notification of rights from the SEC due to the timing of completion of the SEC.

Response

The District will implement a procedure to ensure that all students claimed for funding have a student education plan and verification on record.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(12-8)

Significant Deficiency

Condition

Contact hours were overstated for seven of the 12 To Be Arranged Hours (TBA) courses tested at Las Positas College. The District calculated the contact hours using the approved number of hours in the course outline rather than the actual day and time scheduled in the class schedule.

Criteria

Pursuant to Attachment 2 of the CCFS-320 Apportionment Attendance Report, student hours of attendance must be reported based upon the actual day and time scheduling of each course section rather than the standard target number of hours of instruction in the course outlines.

Effect

Based on the condition above, we filtered all TBA courses at Las Positas College to identify all sections affected by this method of calculating contact hours. Through our procedures we determined Full-Time Equivalent (FTE) related to courses with TBA labs or sections were overstated by 13.71 in total.

Recommendation

We recommend the District review all courses containing TBA portions and determine the proper calculation of contact hours using the methods stated in the Student Attendance Accounting Manual and the number of hours from the contact hours chart available on the Chancellor's Office website.

Response

The District manually deducted 13.71 FTEs from the final CCFS-320 submitted on November 14, 2012. The District will review the courses identified during the audit as well as all TBA courses and ensure the contact hours are being calculated using the contact hours chart rather than the approved course outline.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(12-9)

Significant Deficiency

Condition

Twenty-one of the 30 To Be Arranged Hours (TBA) courses tested did not list the number of TBA hours required in the approved course outline. All of the TBA courses tested did not list the TBA hours required in the course catalog.

Criteria

The California Community Colleges Chancellor's Office instructs districts that a clear description of the course, including the number of TBA hours required, must be published in the official general catalog and schedule of classes and/or addenda. The official course outline of record must include the number of TBA hours and specific instructional activities/learning outcomes for TBA hours expected of all students enrolled in the course. The number of hours of instruction for TBA courses were not listed in the course catalog (or addenda), or in the course outline for the TBA courses selected for testing.

Effect

The courses may not be well publicized which may affect the students' selection of courses.

Recommendation

We recommend that the District update their catalog and course outlines to include the number of TBA hours required for all TBA courses.

Response

Chabot College will work with appropriate faculty and their administrator in those areas to correct the course outline/syllabus. The TBA hours required will be clearly indicated in the amended course outlines. In addition, Chabot College will note in the college catalog addendum the corrections and indicate the TBA hours for the TBA courses.

Las Positas College will review all TBA courses and enter correct number of TBA hours associated with each class into the catalog and related addendum. In addition, they will reprint their catalog and discuss in Curriculum Committee, Division meetings, and other faculty forums the importance of including specific instructional activities and learning outcomes for the TBA hours identified in course outline of records and syllabi.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(12-10)

Significant Deficiency

Condition

The District was unable to provide detailed supporting documentation for the To Be Arranged Hours (TBA) completed by students for two of the 30 courses tested.

Criteria

The California Community Colleges Chancellor's Office instructs districts that all students enrolled in a course with TBA hours must be required to fulfill the hours and other conditions for TBA and all student participation must be documented. Per the Chancellor's Office Second To Be Arranged Hours Follow-Up Memorandum, "Supporting documentation, such as actual attendance rosters or electronic attendance tracking records, will need to be retained by the district".

Effect

The District does not maintain required documentation to support FTES claimed for all TBA courses.

Recommendation

We recommend that the District maintain detailed attendance records such as electronic attendance tracking records for each student attending courses with TBA.

Response

Chabot College will implement electronic scheduling and a reporting system for the TBA classes for better, accurate attendance documentation.

Las Positas College will work with technical support to ensure the current system is accurately tracking student attendance in TBA courses.

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (Full-Time Equivalent Students)

(12-11)

Significant Deficiency

Condition

During our testing of To Be Arranged Hours (TBA) courses we identified one course at Chabot College that was not using the appropriate attendance accounting method. The contact hours for this course were being calculated using the weekly census method although the course did not meet the definition of “regularly scheduled” as defined by the Chancellor’s Office. We determined the contact hours for this course should be calculated using the positive attendance census method.

Criteria

Pursuant to the Student Attendance Accounting Manual, “Weekly student contact hour procedures may be applied to any credit course scheduled regularly with respect to the number of days of the week and the number of hours the course meets on each scheduled day and scheduled conterminously with the primary term. This is administratively interpreted to mean any course scheduled for the same number of hours (including TBA) for each week of the primary term (at least 3 days), inclusive of final examination scheduling, and legal holidays”.

Effect

We were not provided with sufficient information to determine the possible overall effect as it relates to the determination of FTES amounts.

Recommendation

We recommend the District review their procedures for communicating with instructors regarding how the course is conducted and determine the appropriate census method based on the method of instruction.

Response

TBA courses will be evaluated. Future meetings and collaborations with Deans and the Vice President of Academic Services will take place to consider converting the TBA classes into hybrid courses.

CORRECTIVE ACTION PLAN

June 30, 2012

*Chabot-Las Positas
Community College District*

The District's corrective action plan has been issued as a separate letter.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

**FINDINGS AND QUESTIONED COSTS –
STATE AWARDS AUDITS**

STATE COMPLIANCE (Concurrent Enrollment)

(11-1)

Significant Deficiency

Condition

Chabot College was unable to provide a special admission form for a student. Likewise, Las Positas College was unable to provide a special admission form for a student. Proper approvals from high school principals are not available.

Criteria

A student enrolled in kindergarten through 12th grade may receive special permission to enroll in college courses. A special admission form is to be completed by the principal of the K-12 school district (Legal Opinion 98-17, published October 20, 1998).

Effect

Proper approvals from high school principals are not available.

Recommendation

We recommend that the District maintain a policy of verifying after registration that every concurrent student has a special admit form on file.

Current Status

Corrective action was taken.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(11-2)

Significant Deficiency

Condition

Three of the online courses selected for testing hours “to be arranged” used the daily census attendance accounting method though the students did not have regular contact with the instructor.

Criteria

The Student Attendance Accounting Manual and *California Education Code* require that the students have regular contact with the instructor for the same length of time each scheduled day of class to use the daily census method of attendance accounting.

Effect

The FTES claimed that the course sections are reported in the CCFS-320 as daily census rather than alternative attendance.

Recommendation

The District should evaluate online courses to determine if the students have contact with the instructor to ensure the proper method of attendance accounting is used.

Current Status

Corrective action was taken.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(11-3)

Significant Deficiency

Condition

Four of the courses selected for testing hours “to be arranged” used the daily or weekly census attendance accounting method though the classes were not scheduled for regular hours each day or week.

Criteria

The Student Attendance Accounting Manual and *California Education Code* require that the students have regular contact with the instructor for the same length of time each scheduled day or week of class to use the daily or weekly census method of attendance accounting.

Effect

The contact hours claimed based on the daily or weekly census procedures could differ from the actual contact hours calculated using the positive attendance method. The amount of the difference cannot be known because the actual attendance of each student was not tracked for every class meeting.

Recommendation

The District should evaluate the attendance method used for classes which do not meet regularly to ensure the proper attendance accounting method is used. The FTES for courses using the incorrect attendance accounting method should not be claimed.

Current Status

See finding 12-11.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (To Be Arranged Hours)

(11-4)

Reportable Condition

Condition

The number of hours of instruction for To be Arranged Hours (TBA) courses were not listed in the course catalog (or addenda) for the TBA courses selected for testing.

Criteria

The California Community Colleges Chancellor's Office instructs districts that a clear description of the course, including the number of TBA hours required, must be published in the official general catalog and schedule of classes and/or addenda.

Effect

The courses may not be well publicized which may affect the students selection of courses.

Recommendation

We recommend that the District update their catalog to include the number of TBA hours required for all TBA courses.

Current Status

See finding 12-9.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (Open Enrollment)

(11-5)

Significant Deficiency

Condition

The District claimed FTES for five courses held on high school campuses during the hours the high school campus was closed to the general public.

Criteria

Per *California Education Code*, Section 76002, if a course is held on a high school campus, it will not meet the open enrollment requirements if the class is held during the time the campus is closed to the general public, as defined by the governing board of the school district.

Effect

The District claimed 14.11 FTES for apportionment that were generated by courses that did not meet the open enrollment requirements.

Recommendation

We recommend the District develop a procedure that would capture courses held on high school campuses during hours the high school campus is closed to the general public so the FTES generated by these courses are not claimed for apportionment.

Current Status

Corrective action was taken.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2012

*Chabot-Las Positas
Community College District*

STATE COMPLIANCE (Full-Time Equivalent Students)

(11-6)

Significant Deficiency

Condition

The District incorrectly calculated contact hours in 11 of the 80 courses selected for testing.

Criteria

The Student Attendance Accounting Manual (SAAM) sets forth guidelines on the calculation of contact hours for apportionment attendance reporting. The California Community Colleges Chancellor's Office (Chancellor's Office) has increased their scrutiny of contact hour calculation and issued further guidance to assist districts in applying guidance in the SAAM.

Effect

The District does not appear to be calculating contact hours in accordance with the SAAM. Projecting the errors in our testing to the population results in a net overstatement of contact hours. This overstatement in contact hours is equivalent to an overstatement of 855.16 FTES.

Recommendation

We recommend that the District review procedures used for calculating contact hours and follow up with the Chancellor's Office to correct errors made in reporting FTES.

Current Status

Corrective action was taken.