

**CHABOT-LAS POSITAS COMMUNITY  
COLLEGE DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2020

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020

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CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020  
(Continued)

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Chabot-Las Positas Community College District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Chabot-Las Positas Community College District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities, of the Chabot-Las Positas Community College District, as of June 30, 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14 and the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 48 to 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chabot-Las Positas Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Organization disclosure, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organization disclosure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021 on our consideration of Chabot-Las Positas Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Chabot-Las Positas Community College District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chabot-Las Positas Community College District's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California  
February 9, 2021

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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### ***USING THIS ANNUAL REPORT***

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the Chabot-Las Positas Community College District (the District) as of June 30, 2020. The report consists of three basic financial statements that provides information about the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses, and Change in Net Position
- Statement of Cash Flows

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, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District management.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

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

### ***FINANCIAL HIGHLIGHTS***

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

#### **Financial and Enrollment Highlights**

- The District's net position decreased \$31.1 million from the previous year. This decrease was mainly attributed to an increase in Operating expenditures of \$27.0 million. Salaries increased by \$5.2 million due to negotiated contract increases and additional staff. Employee benefits increased \$20.0 million reflecting rising costs of medical, STRS and PERS liabilities. Supplies, materials and other operating expenses decreased by \$928 thousand, likely through savings resulting from the stay-at-home order.
- The voters within the boundaries of the Chabot-Las Positas Community College District approved Measure B on March 4, 2004. This voter approval gave the District the authority to issue up to \$498 million in General Obligation Bonds. The Board authorized the first issuance of bonds totaling \$100 million and the proceeds were in the possession of the District on August 19, 2004. On November 1, 2006, the District issued the remainder of the General Obligation Bonds authorized by Measure B in the amount of \$398 million.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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- On June 7, 2016, the voters approved Measure A with a 65% approval rate, well above the required 55%. This will allow the District the authority to issue up to \$950 million in General Obligation Bonds. The first issuance of \$160 million was issued in October 2017.
- The District's Budget was designed to fund faculty, staff, direct program expenditures and support services to serve 16,987 full-time equivalent students for General Apportionment purposes for the 2019-20 year.
- The District received a decrease of \$7.4 million for new and ongoing State grants and contracts or 8% below 2018-2019 for state programs – mainly attributable to a large one-time payment the State made in FY 2018-19 to buy-down pension liabilities.
- Cost-of-living adjustment: The State budget included a cost-of-living (COLA) adjustment of 3.26% for apportionments.
- Enrollment Fee: In 2019-20, enrollment fees remained at \$46 per unit.
- The District faced unprecedented times when shelter-in-place mandates were ordered beginning March 2020 due to the COVID pandemic. The District moved to almost entirely online learning and the vast majority of employees began working remotely. The State assisted with providing aid and emergency withdrawal options to students during Spring 2020. Federal stimulus also provided direct aid to students and restricted institutional dollars for the District.

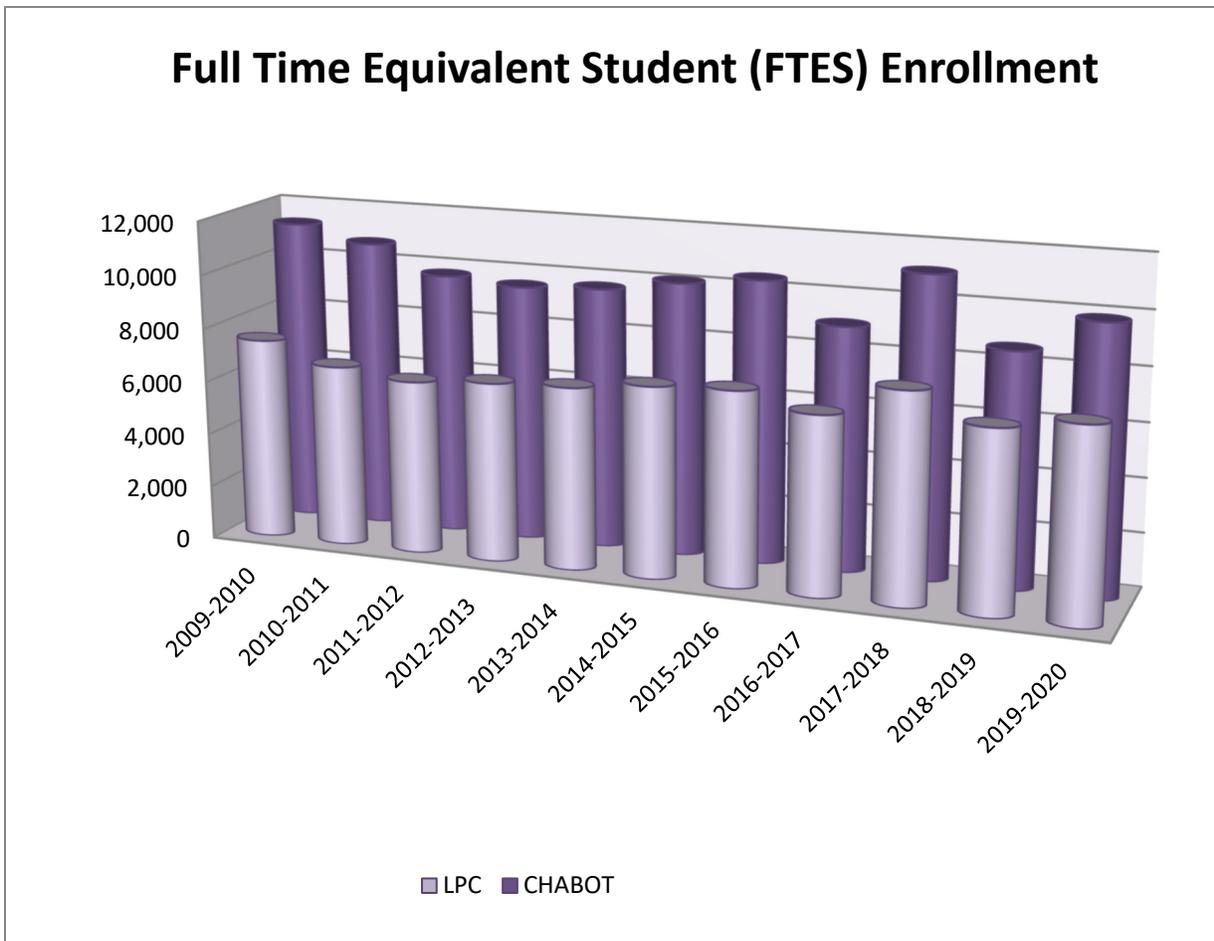
**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2020**

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

<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)
2012-2013	9,552	(2.1)	6,651	3.2	16,203	0.0
2013-2014	9,698	1.5	6,758	1.6	16,456	1.6
2014-2015	10,132	4.5	7,065	4.5	17,197	4.5
2015-2016	10,455	3.2	7,185	1.7	17,640	2.6
2016-2017	9,023	(13.7)	6,602	(8.1)	15,625	(11.4)
2017-2018	11,111	23.1	7,728	17.1	18,839	20.6
2018-2019	8,640	(22.2)	6,708	(13.2)	15,348	(18.5)
2019-2020	9,883	14.4	7,104	5.9	16,987	10.7



# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

### Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector institutions. Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the financial health of the District. Total net position of the District decreased \$31.1 million from the previous year.

	2020	2019	Variance	%
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 16,159,777	\$ 37,699,964	\$ (21,540,187)	-57%
Receivables, net	45,203,167	49,142,221	(3,939,054)	-8%
Due from other funds				
Prepaid expenses	2,709,854	2,928,332	(218,478)	-7%
<b>Total current assets</b>	<b>64,072,798</b>	<b>89,770,518</b>	<b>(25,697,720)</b>	<b>-29%</b>
Noncurrent assets				
Restricted cash and cash equivalents	215,479,081	219,938,534	(4,459,453)	-2%
Depreciable capital assets	441,697,768	460,381,637	(18,683,869)	-4%
Non-depreciable capital assets	56,220,326	29,724,324	26,496,002	89%
<b>Total noncurrent assets</b>	<b>713,397,175</b>	<b>710,044,495</b>	<b>3,352,680</b>	<b>0%</b>
<b>Total assets</b>	<b>\$ 777,469,973</b>	<b>\$ 799,815,012</b>	<b>\$ (22,345,039)</b>	<b>-3%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	39,101,686	44,702,787	(5,601,101)	-13%
Deferred outflows - refinancing	24,029,043	29,223,049	(5,194,006)	-18%
Deferred outflows - OPEB	34,569,969	2,207,321	32,362,648	100%
<b>Total deferred outflows</b>	<b>97,700,698</b>	<b>76,133,157</b>	<b>21,567,541</b>	<b>28%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 875,170,671</b>	<b>\$ 875,948,169</b>	<b>\$ (777,498)</b>	<b>0%</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and other liabilities	\$ 26,176,117	\$ 29,336,261	\$ (3,160,144)	-11%
Interest payable	11,105,529	11,657,208	(551,679)	-5%
Unearned revenue	41,506,447	30,472,054	11,034,393	36%
Compensated absences payable	2,832,246	2,240,892	591,354	26%
Long-term liabilities - current portion	37,844,594	38,553,663	(709,069)	-2%
<b>Total current liabilities</b>	<b>119,464,933</b>	<b>112,260,079</b>	<b>7,204,854</b>	<b>6%</b>
Noncurrent liabilities				
Long-term liabilities - noncurrent portion	1,045,729,466	1,032,744,176	12,985,290	1%
<b>Total liabilities</b>	<b>\$ 1,165,194,399</b>	<b>\$ 1,145,004,255</b>	<b>\$ 20,190,144</b>	<b>2%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	9,553,000	5,342,000	4,211,000	79%
Deferred inflows - OPEB	5,885,908		5,885,908	100%
<b>NET POSITION</b>				
Net investment in capital assets	(80,874,495)	(101,117,569)		
Restricted	52,028,744	70,851,107		
Unrestricted	(276,616,885)	(244,131,624)		
<b>Total net position</b>	<b>\$ (305,462,636)</b>	<b>\$ (274,398,086)</b>	<b>\$ (31,064,550)</b>	<b>11%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 875,170,671</b>	<b>\$ 875,948,169</b>	<b>\$ (777,498)</b>	<b>-0.1%</b>

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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### Statement of Net Position (Continued)

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

Receivables primarily represent funding owed to the District by Federal, State and local governments, as well as other sources such as tuition and fees. Receivables consist of \$4.8 million due for federal grants, \$6.2 million for state apportionments, \$18.5 million for state grants, and \$0.1 million for local grants and contracts. Additional receivables include \$5.0 million due for student receivables, \$0.4 million for state lottery; \$0.9 million for investment income and \$9.3 million for other local revenues.

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

Restricted cash and investments of \$215.5 million include amounts restricted for repayment of debt, for use in acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the Budget and Accounting Manual. The balance of the cash includes cash deposits of other major funds held in the County Treasury and other banking and financial institutions.

Net capital assets represent the District's original investment in land, site improvements, buildings and equipment, less accumulated depreciation.

Accounts payable and accrued liabilities represent year-end accruals for services and goods received by the District during fiscal year 2019-20, for which payment would not be made until fiscal year 2020-21. At June 30, 2020, the Measure B and Measure A Bond Construction fund owed contractors and vendors \$5.8 million, and the General Fund owed contractors, vendors and employees \$7.8 million. Restricted funds owed \$790 thousand to contractors and vendors. Enterprise Funds owed \$11.4 million to contractors and vendors. The remaining liabilities were owed by Child Care and Student Financial Aid funds.

Unearned revenues represent prepayments received by the District, for which the amounts have yet to be earned. For fiscal year 2019-20, unearned revenues were \$41.5 million. Of this amount, \$6.8 million represents student tuition and \$413 thousand represents other student fees received during 2019-20 for the 2020-21 summer and fall terms. The other \$34.3 million represents funding for grants and contracts, the terms and conditions of which extend beyond the 2019-20 fiscal year.

The District's long-term liabilities primarily consist of general obligation bond debt and other post-employment benefit obligations.

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

Net investment in capital assets is the difference between the amount shown for capital assets and the outstanding debt incurred to finance those capital assets. At June 30, 2020, capital assets were \$497.9 million. These assets are offset by debt incurred to finance those capital assets and cash restricted for the acquisition of those capital assets. The related debt is the amount owed for the general obligation bonds.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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### Statement of Net Position (Continued)

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

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

### Statement of Revenues, Expenses, and Change in Net Position

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

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

The primary components of tuition and fees are the \$46 per unit enrollment fee that is charged to all students registering for classes, and the additional \$282 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 \$9.3 million and \$2.8 million. Another \$941 thousand was collected for 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 (\$12.6 million) to include funding for vocational training and higher education programs and State grants (\$85.2 million) for categorical programs, such as EDCE (\$58.6 million), Financial Aid (\$1.5 million), Restricted funds (\$18.5 million) and other General fund grant (\$5.7 million). Included in local grants and contracts (\$9.9 million) are all of the contracted education services, as well as all other miscellaneous service revenue received by the District.

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

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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

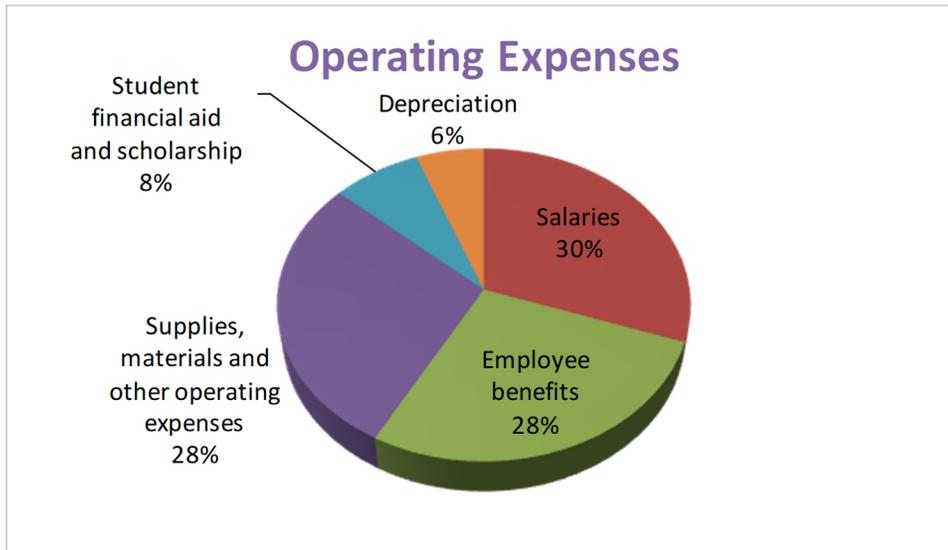
	2020	2019
<b>Operating revenues</b>		
Tuition and fees	\$ 24,952,177	\$ 25,556,306
Less scholarship discounts and allowances	(8,306,611)	(8,548,111)
Net tuition and fees	<b>16,645,566</b>	<b>17,008,195</b>
<b>Grants and contracts, non-capital</b>		
Federal	12,570,884	9,069,933
State	85,144,681	92,570,023
Local	9,924,129	9,045,103
<b>Total operating revenues</b>	<b>\$ 124,285,260</b>	<b>\$ 127,693,254</b>
<b>Operating expenses</b>		
Salaries	97,723,821	92,504,824
Employee benefits	89,078,879	69,107,362
Supplies, materials and other operating expenses	91,887,321	97,815,421
Student financial aid and scholarship	24,497,500	20,213,397
Depreciation	18,802,696	20,354,708
<b>Total operating expenses</b>	<b>\$ 321,990,217</b>	<b>\$ 299,995,712</b>
<b>Loss from operations</b>	<b>(197,704,957)</b>	<b>(172,302,458)</b>
<b>Non-operating revenues (expenses)</b>		
State apportionment, non-capital	51,179,058	57,206,489
Local property taxes	55,211,177	50,688,622
State taxes and other revenues	9,661,918	6,796,810
Federal grants - Pell	16,850,468	15,974,784
Investment income, net	4,513,669	3,929,291
Interest expense on capital asset-related debt, net	(27,893,958)	(29,315,476)
Gain/(loss) on disposal of capital assets	(5,022,716)	(17,283)
Other non-operating revenues, net	3,018,467	3,283,391
<b>Total non-operating revenues (expenses)</b>	<b>107,518,083</b>	<b>108,546,628</b>
<b>Loss before capital revenues</b>	<b>\$ (90,186,874)</b>	<b>\$ (63,755,830)</b>
<b>Capital revenues</b>		
Local property taxes and revenues	59,122,324	58,450,584
<b>Total capital revenues</b>	<b>59,122,324</b>	<b>58,450,584</b>
<b>Decrease in net position</b>	<b>\$ (31,064,550)</b>	<b>\$ (5,305,246)</b>
Net position, beginning of year	(274,398,086)	(269,092,840)
Net position, beginning of year, as restated	(274,398,086)	(269,092,840)
<b>Net position, end of year</b>	<b>\$ (305,462,636)</b>	<b>\$ (274,398,086)</b>

**CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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

The largest component of the District's operating expense is the cost of salaries and benefits. Approximately 58% percent of the total expense is spent in this area. Supplies and other expenses account for an additional 28% of total expenses. Depreciation accounts for 6% of total operating expenses. Student financial aid also accounts for 8% of total operating expenses. 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.



Functional Expense	2020	% of Total	2019	Variance
Instructional activities	\$ 79,869,381	24.8%	\$ 78,744,505	\$ 1,124,876
Academic support	12,305,511	3.8%	13,819,759	(1,514,248)
Student services	25,748,761	8.0%	23,101,450	2,647,311
Operation and maintenance of plant	12,450,516	3.9%	11,769,176	681,340
Institutional support	25,160,233	7.8%	29,427,487	(4,267,254)
Community services and economic development	964,167	0.3%	964,006	161
Ancillary services, auxiliary services	75,175,734	23.3%	72,830,530	2,345,204
Student aid	26,635,055	8.3%	24,041,128	2,593,927
Physical property/GASB entries	63,680,861	19.8%	45,297,672	18,383,189
<b>TOTAL</b>	<b>\$ 321,990,217</b>	<b>100%</b>	<b>\$ 299,995,713</b>	<b>\$ 21,994,504</b>

The Functional Expense chart incorporates all District funds appropriations for fiscal year 2019-20. The largest expense in 2019-20 was in the area of instruction at 24.8%.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

The Student Services expense of 8.0% includes counseling and guidance services and expenses associated with a number of state and categorical programs to include Student Success, Disabled Student Services Program (DSPS), Extended Opportunity Programs & Services (EOPS), Financial Aid Administration, and Veteran Services. Student aid was 8.3%.

The bulk of the ancillary services and auxiliary operations percentage of 23.3% encompasses the childcare center, contract education, food service, parking operation, and student and co-curricular activities.

The Community Services and Economic Development 0.3%, includes community services, recreation classes and facility use. Plant Maintenance and Operation was 3.9%. Physical property, depreciation and GASB entries of 19.8% consist of a number of building improvements and alterations that took place throughout the District as well as insurance and pension costs.

### 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 gain/loss on the Statement of Revenue, Expenses and Change in Net Position.

Cash provided by (used in)	2020	2019
Operating activities	(\$122,390,246)	(\$140,450,258)
Non-capital financing activities	131,573,148	141,888,832
Capital and related financing activities	(38,763,350)	(28,647,098)
Investing activities	3,580,809	3,929,291
Net (decrease) increase in cash	(25,999,639)	(23,279,234)
<b>Cash Beginning of Year</b>	<b>257,638,497</b>	<b>280,917,731</b>
<b>Cash End of Year</b>	<b>\$231,638,858</b>	<b>\$257,638,497</b>

### Capital Asset and Debt Administration

#### Capital Assets

At June 30, 2020, the District had a net \$497.9 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 \$7.8 million from last year. We present more detailed information regarding our capital assets in Note 4 of the financial statements.

# CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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### **Long-Term Liabilities**

At June 30, 2020 the District had \$1.08 billion in debt outstanding versus \$1.07 billion last year. Obligations include Measure B bond, Measure A bond and other post-employment benefit long-term obligations (OPEB) and GASB 68 liabilities for STRS and PERS. We present more detailed information regarding our long-term liabilities in Note 6 of the financial statements.

### **Economic Factors That Will Affect the Future**

The District's economic strength is directly affected by the economic well-being of California. The State's economy suffered tremendously at the onset of the pandemic and the shelter-in-place created difficult economic conditions that continued throughout the fiscal year. Fortunately, the financial impact to the State was less harsh than originally anticipated and tax receipts have declined far less than predicted. With the rollout of vaccines, federal financial assistance, and a commitment from the State to provide necessary personal protection equipment, the prospect of returning to a more traditional form of business is strong.

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020**

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### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2020

**ASSETS**

Current assets:	
Cash and cash equivalents (Note 2)	\$ 16,159,777
Receivables, net (Note 3)	45,203,167
Prepaid expenses	<u>2,709,854</u>
Total current assets	<u>64,072,798</u>
Noncurrent assets:	
Restricted cash and cash equivalents (Note 2)	215,479,081
Depreciable capital assets, net (Note 4)	441,697,768
Non-depreciable capital assets (Note 4)	<u>56,220,326</u>
Total noncurrent assets	<u>713,397,175</u>
Total assets	<u>777,469,973</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - pensions (Notes 7 and 8)	39,101,686
Deferred outflows of resources - refunding	24,029,043
Deferred outflows or resources- OPEB	<u>34,569,969</u>
Total deferred outflows	<u>97,700,698</u>
Total assets and deferred outflows of resources	<u>\$ 875,170,671</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and other liabilities	\$ 26,176,117
Interest payable	11,105,529
Unearned revenue (Note 5)	41,506,447
Compensated absences payable (Note 6)	2,832,246
Long-term liabilities - current portion (Note 6)	<u>37,844,594</u>
Total current liabilities	<u>119,464,933</u>
Noncurrent liabilities:	
Long-term liabilities - noncurrent portion (Note 6)	<u>1,045,729,466</u>
Total liabilities	<u>1,165,194,399</u>

Commitments and contingencies (Note 10)

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - pensions (Notes 7 and 8)	9,553,000
Deferred inflows of resources - OPEB (Note 9)	<u>5,885,908</u>
Total deferred inflows	15,438,908

**NET POSITION**

Net investment in capital assets	(80,874,495)
Restricted for:	
Expendable:	
Education programs	2,064,621
Capital projects	
Debt service	49,964,123
Unrestricted	<u>(276,616,885)</u>
Total net position	<u>(305,462,636)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 875,170,671</u>

See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
For the Year Ended June 30, 2020

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Operating revenues:	
Tuition and fees	\$ 24,952,177
Less: scholarship discounts and allowances	<u>(8,306,611)</u>
Net tuition and fees	<u>16,645,566</u>
Grants and contracts, non-capital:	
Federal	12,570,884
State	85,144,681
Local	<u>9,924,129</u>
Total operating revenues	<u>124,285,260</u>
Operating expenses:	
Salaries	97,723,821
Employee benefits (Notes 7, 8 and 9)	89,078,879
Supplies, materials and other operating expenses	91,887,321
Student financial aid and scholarship	24,497,500
Depreciation (Note 4)	<u>18,802,696</u>
Total operating expenses	<u>321,990,217</u>
Loss from operations	<u>(197,704,957)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	51,179,058
Local property taxes	55,211,177
State taxes and other revenues	9,661,918
Federal grants - Pell	16,850,468
Investment income, net	4,513,669
Interest expense on capital asset-related debt	(27,893,958)
Loss on disposal of capital assets	(5,022,716)
Other non-operating revenues, net	<u>3,018,467</u>
Total non-operating revenues (expenses)	<u>107,518,083</u>
Loss before capital revenues	<u>(90,186,874)</u>
Capital revenues:	
Local property taxes and revenues	<u>59,122,324</u>
Decrease in net position	<u>(31,064,550)</u>
Net position, July 1, 2019	<u>(274,398,086)</u>
Net position, June 30, 2020	<u><u>\$ (305,462,636)</u></u>

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2020

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Cash flows from operating activities:	
Tuition and fees	\$ 15,999,242
Federal, state and local grants and contracts	133,555,424
Payments of scholarships and grants	(24,527,127)
Payments to suppliers and vendors	(94,278,728)
Payments to and on behalf of employees	(98,662,257)
Payments for benefits	(54,682,012)
Other operating local revenues	<u>205,212</u>
Net cash used in operating activities	<u>(122,390,246)</u>
Cash flows from noncapital financing activities:	
State appropriations	44,984,171
Local property taxes	55,211,177
State taxes and other revenues	9,720,551
Pell grants	16,850,468
Other non-operating revenues	<u>4,806,781</u>
Net cash provided by noncapital financing activities	<u>131,573,148</u>
Cash flows from capital and related financing activities:	
Local property taxes	59,122,324
Purchase of capital assets	(33,915,695)
Proceeds from sale of capital assets	3,029,321
Principal paid on capital debt	(34,490,000)
Interest paid on capital debt, net	<u>(32,509,300)</u>
Net cash used in capital and related financing activities	<u>(38,763,350)</u>
Cash flows provided by investing activities:	
Investment income	<u>3,580,809</u>
Net decrease in cash and cash equivalents	(25,999,639)
Cash and cash equivalents, July 1, 2019	<u>257,638,497</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 231,638,858</u>

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2020

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Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (197,704,957)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	18,802,696
Changes in assets and liabilities:	
Receivables, net	14,413,860
Prepaid expenses	218,478
Deferred outflows of resources - pensions	5,601,101
Deferred outflows of resources - OPEB	(32,362,648)
Accounts payable and other liabilities	(3,911,315)
Unearned revenue	11,034,393
OPEB liability and compensated absences	51,887,238
Net pension liability	(466,000)
Deferred inflows of resources - OPEB	5,885,908
Deferred inflows of resources - pension	<u>4,211,000</u>
Net cash used in operating activities	<u>\$ (122,390,246)</u>
Supplementary disclosure of non-cash transactions:	
Amortization of premiums on debt	\$ 4,063,663
Amortization of loss on refunding debt	\$ 5,194,006
Additions to capital assets - increase in accounts payable	\$ 751,172

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2020

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	<u>Trust Fund</u> Student Rep Fund	<u>Agency Fund</u> Associated Students of Chabot-Las Positas College
<b>ASSETS</b>		
Cash and investments (Note 2)	\$ 35,757	\$ 523,943
Total assets	<u>\$ 35,757</u>	<u>\$ 523,943</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 8,533	\$ 32,496
Amount held for others	<u>-</u>	<u>491,447</u>
Total liabilities	<u>8,533</u>	<u>\$ 523,943</u>
<b>NET POSITION</b>		
Restricted net position	<u>27,224</u>	
Total liabilities and restricted net position	<u>\$ 35,757</u>	

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
For the Year Ended June 30, 2020

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	<u>Student Rep Fund</u>
Additions:	
Other local sources	\$ <u>16,115</u>
Deductions:	
Other operating expenses	<u>8,533</u>
Change in net position	7,582
Net position, July 1, 2019	<u>19,642</u>
Net position, June 30, 2020	<u><u>\$ 27,224</u></u>

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See accompanying notes to financial statements.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

Investment Pools: The carrying value of the District's investment in the Alameda County Treasury pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

Receivables: Receivables consist of tuition and fee charges to students, amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectable accounts as an estimation of amounts that may not be received. The allowance is based upon management's estimates and analysis. The allowance was estimated at \$3,259,061 for the year ended June 30, 2020.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition value at the date of donation. For equipment, the District's capitalization policy included all furniture, equipment or vehicles with a unit cost of \$5,000 or more. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over 3 - 50 years depending on asset types.

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

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

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

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when employee retires.

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

Net Position: The District's net position is classified as follows:

*Net investment in capital assets*: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets and deferred outflows of resources. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted net position*: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonspendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

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

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

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

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

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

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

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

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by the students and/or their parties making payments on the students' behalf. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to recognition of the pension liability and the liability for Other Post Employment Benefits (OPEB) reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability and the OPEB liability in the Statement of Net Position.

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Deferred outflows of resources	\$ 22,689,295	\$ 16,412,391	\$ 39,101,686
Deferred inflows of resources	<u>\$ 7,383,000</u>	<u>\$ 2,170,000</u>	<u>\$ 9,553,000</u>
Net pension liability	<u>\$ 76,423,000</u>	<u>\$ 66,279,000</u>	<u>\$ 142,702,000</u>
Pension expense	<u>\$ 18,589,154</u>	<u>\$ 14,398,198</u>	<u>\$ 32,987,352</u>

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

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at June 30, 2020, consisted of the following:

	<u>District</u>	<u>Fiduciary</u>
Pooled Funds:		
Cash in County Treasury	\$ 204,963,281	\$ -
Deposits:		
Cash on hand and in banks	<u>26,674,977</u>	<u>559,700</u>
Total cash and cash equivalents	<u>231,638,258</u>	<u>559,700</u>
Less: restricted cash and cash equivalents	<u>(215,479,081)</u>	<u>-</u>
Net cash and cash equivalents	<u>\$ 16,159,177</u>	<u>\$ 559,700</u>

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

The District is considered to be an involuntary participant in an external investment pool. The carrying value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Alameda County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2020.

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

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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

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

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

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

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's cash on hand and in banks for the District and its fiduciary funds was \$27,234,677 and the bank balance was \$26,577,448, of which \$1,000,000 was FDIC insured.

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

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

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash and investments held.

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

<u>Investment Type</u>	<u>Weighted Average Maturity (in Years)</u>
Alameda County Investment Pool	1.80

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

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

Concentration of Credit Risk: The District's investment policy places limits on the amount it may invest in any one issuer. June 30, 2020, the District had no concentration of credit risk.

**NOTE 3 – RECEIVABLES**

District receivables at June 30, 2020 are summarized as follows:

Federal	\$ 4,812,324
State	25,026,326
Local and other	<u>18,623,578</u>
	48,462,228
Less allowance for doubtful accounts	<u>(3,259,061)</u>
	<u><u>\$ 45,203,167</u></u>

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity consists of the following:

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	Balance June 30, <u>2020</u>
Non-depreciable:					
Land	\$ 9,041,723	\$ -	\$ -	\$ -	\$ 9,041,723
Construction in progress	20,682,600	32,137,402	-	(5,641,399)	47,178,603
Depreciable:					
Land improvements	91,838,831	103,948	(10,364)	5,072,491	97,004,906
Buildings and improvements	544,649,186	684,657	(10,964,873)	568,908	534,937,878
Furniture and equipment	<u>27,009,470</u>	<u>1,740,859</u>	<u>(343,200)</u>	<u>-</u>	<u>28,407,129</u>
Total	<u>693,221,810</u>	<u>34,666,866</u>	<u>(11,318,437)</u>	<u>-</u>	<u>716,570,239</u>
Less accumulated depreciation:					
Land improvements	(73,934,239)	(6,500,544)	9,328	-	(80,425,455)
Buildings and improvements	(112,823,073)	(10,368,383)	2,962,223	-	(120,229,233)
Furniture and equipment	<u>(16,358,537)</u>	<u>(1,933,769)</u>	<u>294,849</u>	<u>-</u>	<u>(17,997,457)</u>
Total	<u>(203,115,849)</u>	<u>(18,802,696)</u>	<u>3,266,400</u>	<u>-</u>	<u>(218,652,145)</u>
Capital assets, net	<u>\$ 490,105,961</u>	<u>\$ 15,864,170</u>	<u>\$ (8,052,037)</u>	<u>\$ -</u>	<u>\$ 497,918,094</u>

**NOTE 5 – UNEARNED REVENUE**

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenue	\$ 33,114,950
Unearned tuition and student fees	7,118,981
Unearned local grant revenue and other	<u>1,272,516</u>
Total unearned revenue	<u>\$ 41,506,447</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 6 – LONG-TERM LIABILITIES**

In February 2013, the District issued 2013 General Obligation Refunding Bonds aggregating \$289,105,000. The bonds mature through August 2032 and bear interest at rates ranging from 3.0% to 5.0%.

The annual payments required to amortize the 2013 General Obligation Refunding Bonds as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,585,000	\$ 12,969,644	\$ 15,554,644
2022	3,710,000	12,843,744	16,553,744
2023	14,520,000	12,431,544	26,951,544
2024	16,330,000	11,727,794	28,057,794
2025	18,215,000	10,916,669	29,131,669
2026-2030	124,435,000	39,206,844	163,641,844
2031-2033	<u>106,700,000</u>	<u>7,786,047</u>	<u>114,486,047</u>
	<u>\$ 286,495,000</u>	<u>\$ 107,882,286</u>	<u>\$ 394,377,286</u>

In July 2016, the District issued the 2016 Refunding General Obligation Bonds to refund certain portions of the District's remaining outstanding General Obligation Bonds, Election of 2004, Series 2006B and 2006C and the 2006 General Obligation Refunding Bonds. The bonds mature through August 2037 and bear interest at rates ranging from 2.0% to 5.0%.

The annual payments required to amortize the Election of 2016 Refunding General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 5,260,000	\$ 9,309,625	\$ 14,569,625
2022	5,630,000	9,067,375	14,697,375
2023	-	8,941,625	8,941,625
2024	-	8,941,625	8,941,625
2025	-	8,941,625	8,941,625
2026-2030	-	44,708,125	44,708,125
2031-2035	83,620,000	41,493,375	125,113,375
2036-2038	<u>140,760,000</u>	<u>8,461,363</u>	<u>149,221,363</u>
	<u>\$235,270,000</u>	<u>\$139,864,738</u>	<u>\$375,134,738</u>

In September 2017, the District issued Election of 2016 General Obligation Bonds, Series A aggregating \$160,000,000. The bonds mature through August 2047 and bear interest at rates ranging from 3.0% to 5.0%.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

The annual payments required to amortize the Election of 2016 General Obligation Bonds, Series A outstanding as of June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2021	\$ 25,785,000	\$ 3,690,100	\$ 29,475,100
2022	1,040,000	3,153,600	4,193,600
2023	-	3,132,800	3,132,800
2024	120,000	3,131,000	3,251,000
2025	255,000	3,125,375	3,380,375
2026-2030	3,685,000	15,272,175	18,957,175
2031-2035	9,160,000	13,797,600	22,957,600
2036-2040	16,470,000	11,396,244	27,866,244
2041-2045	26,450,000	7,271,000	33,721,000
2046-2048	<u>22,190,000</u>	<u>1,379,200</u>	<u>23,569,200</u>
	<u>\$105,155,000</u>	<u>\$ 65,349,094</u>	<u>\$170,504,094</u>

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2020 is as follows:

	Balance July 1 <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 661,410,000	\$ -	\$ 34,490,000	\$ 626,920,000	\$ 33,630,000
General Obligation Bonds Premium, net	66,439,172	-	4,063,663	62,375,509	4,214,594
Net pension liability (Notes 7 and 8)	143,168,000	(466,000)	-	142,702,000	-
Other postemployment benefits (Note 9)	200,280,667	51,295,884	-	251,576,551	-
Compensated absences	<u>2,240,892</u>	<u>591,354</u>	<u>-</u>	<u>2,832,246</u>	<u>2,832,246</u>
	<u>\$ 1,073,538,731</u>	<u>\$ 51,421,238</u>	<u>\$ 38,553,663</u>	<u>\$ 1,086,406,306</u>	<u>\$ 40,676,840</u>

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN**

*General Information about the State Teachers' Retirement Plan*

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

(Continued)

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

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

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

*CalSTRS 2% at 60*

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

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

*CalSTRS 2% at 62*

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

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

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

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(Continued)

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95% less than the statutory rate for fiscal year 2020–21 and 2.18% less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the CalSTRS board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84. A summary of statutory contribution rates and other sources of contributions to the DB Program are as follows:

*Members* – Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2019-20.

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

*Employers* – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

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

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	17.10% <sup>(1)</sup>
July 01, 2020	8.25%	10.85%	16.15% <sup>(1)</sup>
July 01, 2021	8.25%	(2)	(2)
July 01, 2022 to June 30, 2046	8.25%	(2)	(2)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

(1) Pursuant to SB 90 and AB 84, the fiscal year 2018-19 state contribution of approximately \$2.2 billion made in advance on behalf of employers will be used to pay the contributions required by employers for the 2019-20, 2020-21 and 2021-22 fiscal years, such that employers will remit 1.030%, 2.950% and 2.180% less, respectively, than is required by the CalSTRS Funding Plan.

(2) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$8,252,295 to the plan for the fiscal year ended June 30, 2020.

*State* – 10.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also, as a result of AB1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The State's base contribution of the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits reductions in contributions. Additionally, the enactment SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined benefit Program in fiscal years 2019-20 through 2022-23.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS state contribution rates effective for fiscal year 2019-2020 and beyond are summarized in the table below.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding <sup>(1)</sup>	Total State Appropriation to DB Program
July 01, 2019	2.017%	5.811%	2.50%	10.328% <sup>(2)</sup>
July 01, 2020	2.017%	5.811% <sup>(3)</sup>	2.50%	10.328% <sup>(2)</sup>
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	(5)

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.

(3) In May 2020, the CalSTRS board exercised its limited authority to increase the state contribution rate by 0.5% of the creditable compensation effective July 1, 2020. However, pursuant to AB 84, the state suspended the board's rate-setting authority for state contributions for fiscal year 2020–21, thereby negating the board's rate increase of 0.5%.

(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.

(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 76,423,000
State's proportionate share of the net pension liability associated with the District	<u>41,694,000</u>
Total	<u>\$ 118,117,000</u>

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2019, the District's proportion was 0.085 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2018.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$18,589,154 and revenue of \$13,024,917 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 193,000	\$ 2,154,000
Changes of assumptions	9,666,000	-
Net differences between projected and actual earnings on investments	-	2,944,000
Changes in proportion and differences between District contributions and proportionate share of contributions	4,578,000	2,285,000
Contributions made subsequent to measurement date	<u>8,252,295</u>	<u>-</u>
Total	<u>\$ 22,689,295</u>	<u>\$ 7,383,000</u>

\$8,252,295 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 2,113,300
2022	\$ 73,300
2023	\$ 2,065,300
2024	\$ 3,058,633
2025	\$ 254,633
2026	\$ (511,167)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010, through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate Assets	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

\* 20-year geometric average

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$113,801,000</u>	<u>\$ 76,423,000</u>	<u>\$ 45,430,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

*General Information about the Public Employer's Retirement Fund B*

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>

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

(Continued)

**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B**

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2020 were as follows:

*Members* – The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

*Employers* – The employer contribution rate was 19.72 percent of applicable member earnings.

The District contributed \$6,780,391 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$66,279,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2019, the District’s proportion was 0.227 percent, which was a decrease of 0.009 percent from its proportion measured as of June 30, 2018.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

For the year ended June 30, 2020, the District recognized a pension expense of \$14,398,198. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,815,000	\$ -
Changes of assumptions	3,155,000	-
Net differences between projected and actual earnings on investments	-	615,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,662,000	1,555,000
Contributions made subsequent to measurement date	<u>6,780,391</u>	<u>-</u>
Total	<u>\$ 16,412,391</u>	<u>\$ 2,170,000</u>

\$6,780,391 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ 6,184,917
2022	\$ 1,006,917
2023	\$ 95,917
2024	\$ 174,250

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1-10 (1)</u>	<u>Expected Real Rate of Return Years 11+(2)</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

\* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

(2) An expected inflation rate of 2.92% used for this period

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

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

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease <u>(6.15%)</u>	Current Discount Rate <u>(7.15%)</u>	1% Increase <u>(8.15%)</u>
District's proportionate share of the net pension liability	<u>\$ 95,537,000</u>	<u>\$ 66,279,000</u>	<u>\$ 42,008,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS**

*General Information Other Postemployment Benefits Plan (OPEB)*

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District administers a single-employer defined benefit healthcare plan and provides post employment medical, dental, and vision insurance coverage, as prescribed in the various employee union contracts, to retirees meeting eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when the requirements are met. There is no separate report issued for the defined benefit healthcare plan.

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

The Chabot-Las Positas Community College District's Retiree Benefit Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plan to continue medical, dental and life insurance coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2018 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	<u>Number of Participants</u>
Inactive Plan members receiving benefits	466
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	336
	<u>\$ 802</u>

Benefits Provided: The following is a description of the current retiree benefit plan:

	<u>Faculty</u> **	<u>Classified</u> **	<u>Management</u> **
Benefit Types Provided	Medical only (including Part B Medicare)	Medical only (including Part B Medicare)	Medical only (including Part B Medicare)
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age + service = 70	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age + service = 70	100% for age+service at least equal to 85. For each reduction of one in age+service, the percent paid by the District reduces 5% to a minimum of 25% at age + service = 70
College Cap	Highest Medicare Risk Plan	Highest Medicare Risk Plan	Highest Medicare Risk Plan

\*Post-65 benefits are paid at 100% as long as the minimum age and length of service is met.  
\*\*Employees hired on or after 1/1/2013 are no longer eligible for District-paid health benefits.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board.

Contributions to the Plan from the District were \$7,377,725 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement date	June 30, 2020
Census data	The census was provided by the District as of June 30, 2020
Actuarial cost method	Entry age actuarial cost method
Inflation rate	2.75%
Discount rate	2.20%; based on the Bond Buyer 20 Bond Index.
Health care cost trend rate	4.00%
Payroll increase	2.75%
Participation rates	100% for certificated and classified employees.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used.
Spouse prevalence	To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.
Spouse ages	To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.
Turnover	For certificated employees the 2020 CalSTRS termination rates were used. For classified employees the 2017 CalPERS termination rates for school employees were used.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS** (Continued)

Service requirement	For certificated employees 100% at 20 years of service. For classified employees 100% at 20 years of service. For management 100% at 12 years of service.
Retirement rates	For certificated employees the 2020 CalSTRS retirement rates were used. For classified employees the 2017 CalPERS retirement rates for school employees were used.

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.2%. The municipal bond rate was based on the week closest but not later than the measurement date of June 30, 2020. The discount rate of 2.2% used as of June 30, 2020 decreased 1.3% from the prior year discount rate of 3.5% used in the June 30, 2019 valuation. The discount rate is based on an index of 20 year General Obligation municipal bonds.

*Changes in Total OPEB Liability*

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ <u>200,280,667</u>
Changes for the year:	
Service cost	7,015,022
Interest	7,003,476
Changes of benefit terms	-
Differences between actual and expected experience	(9,564,601)
Changes in assumptions	54,219,712
Benefit payments	(7,377,725)
Administrative expenses	-
	51,295,884
Net change	51,295,884
Balance at June 30, 2020	\$ <u><u>251,576,551</u></u>

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease <u>(1.2%)</u>	Current Discount Rate <u>(2.2%)</u>	1% Increase <u>(3.2%)</u>
Total OPEB liability	<u>\$ 292,072,469</u>	<u>\$ 251,576,551</u>	<u>\$ 218,747,561</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Total OPEB liability	<u>\$ 214,402,190</u>	<u>\$ 251,576,551</u>	<u>\$ 298,620,546</u>

*OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2020, the District recognized OPEB expense of \$32,196,869. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 5,885,908
Changes of assumptions	34,569,969	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 34,569,969</u>	<u>\$ 5,885,908</u>

Amounts reported as deferred outflows of revenues related to OPEB will be recognized in pension expense as follows:

2021	\$ 18,178,371
2022	\$ 10,505,690

(Continued)

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

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

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

Construction Commitments: As of June 30, 2020, the District has \$60,829,240 in outstanding commitments on construction contracts.

**NOTE 11 – JOINT POWERS AGREEMENTS**

Chabot-Las Positas Community College District participates in public entity risk pool joint power agreements (JPAs), with Statewide Association of Community Colleges (SWACC), Statewide Educational Wrap Up Program ("SEWUP"), and Protected Insurance Program for Schools (PIPS). SEWUP provides financial administration, policy formulation, claim services, and other items necessary and appropriate for the establishment, operation, and maintenance of Owner Controlled Insurance Program protection for its members. This joint program provides Worker's Compensation, Liability Coverage, Builder' Risk, Pollution, and Owner's Professional Protective Insurance (OPPI) for construction projects. SEWUP is designed to provide California Public Educational Agencies with the ability to maximize construction funds dedicated directly to building new and modernizing educational facilities, provide greater loss protection in the event of losses and minimize construction risk exposures through proactive risk-control services.

The District is a member in School Project for Utility Rate Reduction (SPURR), which is a California joint powers authority, whose members are California public K-12 school districts, community college districts and county offices of education. SPURR provides members access to the wholesale natural gas market that would otherwise be unavailable to them. The District is also a member of the California College Insurance Group (CCIG) in an effort to obtain the most cost effective benefits for employees for dental and vision. The relationship between Chabot-Las Positas Community College District and the JPAs is such that the JPAs are not component units of Chabot-Las Positas Community College District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. SWACC provides property, liability and PIPS provides workers' compensation insurance. Chabot-Las Positas Community College District pays a premium commensurate with the level of coverage requested. Settled claims resulting from these risks have not exceeded insurance coverage on any of these past three years.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 11 – JOINT POWERS AGREEMENTS** (Continued)

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

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

	<u>SWACC</u> <u>June 30, 2019</u>	<u>SEWUP</u> <u>June 30, 2019</u>	<u>PIPS</u> <u>June 30, 2019</u>	<u>SPURR</u> <u>June 30, 2019</u>	<u>CCIG</u> <u>June 30, 2019</u>
Total assets	\$ 53,983,748	\$ 32,862,987	\$ 133,474,239	\$ 14,492,893	\$ 1,417,543
Total liabilities	\$ 36,138,632	\$ 30,315,600	\$ 99,564,236	\$ 8,982,171	\$ 133,989
Net position	\$ 17,845,116	\$ 2,547,387	\$ 33,910,003	\$ 5,510,722	\$ 1,283,554
Total revenues	\$ 22,422,372	\$ 16,098,906	\$ 314,793,840	\$ 46,170,468	\$ 2,546,330
Total expenses	\$ 22,592,491	\$ 15,546,816	\$ 305,018,141	\$ 46,730,867	\$ 2,217,477
Change in net position	\$ (170,119)	\$ 552,090	\$ 9,775,699	\$ (560,399)	\$ 328,853

**NOTE 12 – COVID-19 IMPACT**

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be materially adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

**REQUIRED SUPPLEMENTARY INFORMATION**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY  
FUNDING PROGRESS  
For the Year Ended June 30, 2020

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 6,133,912	\$ 6,302,595	\$ 7,015,022
Interest	7,014,048	6,679,330	7,003,476
Actuarial experience	-	-	(9,564,601)
Change in assumptions	-	3,210,649	54,219,712
Benefit payments	<u>(6,920,426)</u>	<u>(7,197,243)</u>	<u>(7,377,725)</u>
Net change in total OPEB liability	6,227,534	8,995,331	51,295,884
Total OPEB liability, beginning of year	<u>185,057,802</u>	<u>191,285,336</u>	<u>200,280,667</u>
Total OPEB liability, end of year	<u>\$ 191,285,336</u>	<u>\$ 200,280,667</u>	<u>\$ 251,576,551</u>
Covered employee payroll	\$ 44,154,167	\$ 35,128,792	\$ 36,770,553
Total OPEB liability as a percentage of covered-employee payroll	433.22%	570.13%	684.18%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2020

	State Teacher's Retirement Plan Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.080%	0.079%	0.077%	0.080%	0.087%	0.085%
District's proportionate share of the net pension liability	\$ 46,908,000	\$ 53,340,000	\$ 62,382,000	\$ 74,159,000	\$ 80,022,000	\$ 76,423,000
State's proportionate share of the net pension liability associated with the District	<u>28,326,000</u>	<u>28,211,000</u>	<u>35,516,000</u>	<u>43,872,000</u>	<u>45,817,000</u>	<u>41,694,000</u>
Total net pension liability	<u>\$ 75,234,000</u>	<u>\$ 81,551,000</u>	<u>\$ 97,898,000</u>	<u>\$118,031,000</u>	<u>\$125,839,000</u>	<u>\$118,117,000</u>
District's covered payroll	\$ 35,753,000	\$ 36,774,000	\$ 38,439,000	\$ 43,616,000	\$ 47,641,000	\$ 45,470,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131%	145%	162%	170%	168%	168%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	79.43%	70.04%	69.00%	70.99%	72.56%

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

All years prior to 2015 are not available.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2020

	Public Employers Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's proportion of the net pension liability	0.213%	0.220%	0.220%	0.224%	0.237%	0.227%
District's proportionate share of the net pension liability	\$ 24,207,000	\$ 32,476,000	\$ 43,464,000	\$ 53,391,000	\$ 63,146,000	\$ 66,279,000
District's covered payroll	\$ 22,346,000	\$ 24,392,000	\$ 26,402,000	\$ 28,195,000	\$ 31,249,000	\$ 30,003,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108%	133%	165%	189%	202%	221%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	74.02%	73.89%	71.87%	70.85%	70.05%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2020

	State Teachers' Retirement Plan Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 3,265,492	\$ 4,124,466	\$ 5,486,952	\$ 6,874,668	\$ 7,402,589	\$ 8,252,295
Contributions in relation to the contractually required contribution	\$ 3,265,492	\$ 4,124,466	\$ 5,486,952	\$ 6,874,668	\$ 7,402,589	\$ 8,252,295
District's covered payroll	\$ 36,774,000	\$ 38,439,000	\$ 43,616,000	\$ 47,641,000	\$ 45,470,000	\$ 45,517,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*

All years prior to 2015 are not available.

\* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2020

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	Public Employers Retirement Fund B Last 10 Fiscal Years					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 2,871,188	\$ 3,127,817	\$ 3,915,740	\$ 4,853,298	\$ 5,419,198	\$ 6,780,391
Contributions in relation to the contractually required contribution	\$ 2,871,188	\$ 3,127,817	\$ 3,915,740	\$ 4,853,298	\$ 5,419,198	\$ 6,780,391
District's covered payroll	\$ 24,392,000	\$ 26,402,000	\$ 28,195,000	\$ 31,249,000	\$ 30,003,000	\$ 34,382,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%

All years prior to 2015 are not available.

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See accompanying note to required supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 June 30, 2020

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**NOTE 1 – PURPOSE OF SCHEDULE**

A - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

B - Schedule of the District's Contributions

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

C - Changes of Benefit Terms

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

D - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>				
	As of June, 30, <u>2019</u>	As of June 30, <u>2018</u>	As of, June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
ORGANIZATION  
June 30, 2020

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

The Governing Board and District Administration for the fiscal year ended June 30, 2020 were composed of the following members:

**BOARD OF TRUSTEES**

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
M. Edralin J. Maduli	President	2020
Ms. Genevieve Randolph	Secretary	2022
Dr. Hal G. Gin	Member	2022
Ms. Linda Granger	Member	2022
Dr. Marshall Mitzman	Member	2020
Mr. Tim Sbranti	Member	2020

**DISTRICT ADMINISTRATION**

Ronald P. Gerhard  
Chancellor

Jonah Nicholas  
Vice Chancellor, Business Services

Mr. Wyman M. Fong  
Vice Chancellor, Human Resources

Theresa Fleischer Rowland  
Vice Chancellor, Educational Services and Student Success

Owen Letcher  
Vice Chancellor, Facilities and Bond Program

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

The Friends of Chabot College Foundation, established August 27, 2014  
Master Agreement Revised March 19, 2019  
Yvonne Wu Craig, Director

Las Positas College Foundation, established December 22, 2003  
Master Agreement Revised March 15, 2010  
Kenneth Cooper, Director

Las Positas College Viticulture and Enology Foundation (also DBA Campus Hill Winery),  
established April 13, 2018  
Master Agreement Revised June 18, 2018  
David Everett, President and ex-officio Director

The Foundation for Chabot-Las Positas Community College District,  
established January 28, 2000  
Master Agreement Revised February 15, 2000  
Mr. Ronald Gerhard-President

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
<i>Direct Programs:</i>			
Student Financial Aid Cluster:			
Federal Supplemental Educational Opportunity Program (FSEOG)	84.007	-	\$ 631,963
Federal Work Study (FWS)	84.033	-	273,533
Federal Pell Grants (PELL)	84.063	-	16,850,468
Federal Direct Student Loans	84.268	-	981,962
Financial Aid Admin Allowance	84.063	-	<u>26,307</u>
Subtotal Financial Aid Cluster			<u>18,764,233</u>
TRIO Cluster:			
Student Support Services Aspire	84.042A	P042A151205	277,774
Student Support Services ESL Excel	84.042A	P042A151212	286,678
Student Support Services STEM	84.042A	P042A151595	212,768
Talent Search	84.044A	P044A160820	<u>321,368</u>
Subtotal TRIO Cluster			<u>1,098,588</u>
Title V Program:			
Title V - Gateway to STEM Success	84.031S	P031S150011	438,656
Title V - Higher Ed Institutional Aid	84.031S	P031S160212	<u>482,403</u>
Subtotal Title V Program			<u>921,059</u>
Education Stabilization Fund:			
COVID-19 HEERF Student Portion	84.425E		3,001,000
COVID-19 HEERF Institutional Portion	84.425F		<u>499,349</u>
Subtotal Education Stabilization Fund			<u>3,500,349</u>
<i>Passed through California State University, East Bay:</i>			
Promise Neighborhoods	84.215N	W1183-301	442,923
Child Cares Access Means Parents in School (CCAMPIS)	84.335A	84-335A2019-1	86,786
<i>Passed through California Community College Chancellor's Office:</i>			
Vocational Education - Basic Grants to States	84.048	12-C01-007	<u>961,459</u>
Total U.S. Department of Education			<u>25,775,397</u>
<u>U.S Department of Labor</u>			
Workforce Innovation and Opportunity Act Cluster:			
<i>Passed through Alameda County Workforce Investment Board:</i>			
Workforce Investment Act - Dislocated Worker Formula Grant (Tri Valley One Stop)	17.278	SSFPCP141501516	<u>510,408</u>
Subtotal Workforce Innovation and Opportunity Act Cluster			<u>510,408</u>
Total U.S. Department of Labor			<u>510,408</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2020

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education:</i>			
Early Childhood Mentor Program (CCDF Cluster)	93.575	CSPP2008	2,516,696
<i>Passed through California Community College Chancellor's Office:</i>			
Temporary Assistance for Needy Families Cluster	93.558	-	85,493
<i>Passed through Child, Family, and Community Services, Inc.:</i>			
Head Start	93.600	-	196,337
<i>Foster Care Programs:</i>			
<i>Passed through California Department of Social Services:</i>			
Foster Care	93.658	-	18,180
<i>Passed through Alameda County:</i>			
Child, Family and Community Services - Foster Care - Pride and Care Programs	93.658	900035-10684-8146 10798-8322	<u>82,449</u>
Subtotal Foster Care Programs			<u>100,629</u>
<i>Pass through City of Oakland</i>			
U.S. Department of Health and Human Services - City of Oakland	93.569	-	<u>12,490</u>
Total U.S. Department of Health and Human Services			<u>2,911,645</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education:</i>			
Child and Adult Care Food Program	10.558	01-29262-1A	<u>42,059</u>
Total U.S. Department of Agriculture			<u>42,059</u>
<u>U.S. Department of Treasury</u>			
<i>Passed through United Way:</i>			
Volunteer Income Tax Assistance (VITA) Program	21.009	2137	56,660
COVID-19 Relief Fund - Block Grant (Federal)	21.019		<u>90,865</u>
Total U.S. Department of Treasury			<u>147,525</u>
<u>U.S. National Science Foundation (R&amp;D Cluster)</u>			
Scholarships STEM	47.076		<u>34,318</u>
Total U.S. National Science Foundation programs (R&D Cluster)			<u>34,318</u>
Total Federal Programs			<u>\$ 29,421,352</u>

See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
For the Year Ended June 30, 2020

	Program Revenues				Total Program Expenditures
	Cash Received*	Accounts Receivable	Deferred Income	Total	
AB 19 Promise Grant	\$ 3,318,961	\$ 154,268	\$ 451,411	\$ 3,021,818	\$ 3,040,624
Adult Education Block Grant	1,688,540	1,567,305	683,634	2,572,211	2,821,534
Associate Degree for Transfer	625,689	1,961,333	-	2,587,022	2,587,022
Basic Skills	(232)	-	-	(232)	-
Business and Entrepreneurship	7,300	-	-	7,300	7,303
Cal Grants	2,527,986	79,581	-	2,607,567	3,233,810
CalWorks	457,167	869	2,346	455,690	455,702
Campus Online	21,892	129,142	-	151,034	328,289
Campus Safety/Sexual Assault	7,017	-	-	7,017	7,017
CARE Program	229,410	-	-	229,410	229,410
Career Pathways Trust	(25,484)	25,484	-	-	-
Career Technical Education	27,708	92,391	26,324	93,775	93,774
Center for Economic Mobility	3,410	1,077	-	4,487	4,487
Child Development	22,170	5,798	11,844	16,124	26,636
Classified Professionals Block Grant	34,955	-	34,955	-	-
Completion Grant	1,178,379	-	-	1,178,379	542,946
Deputy Sector Navigator	(105,412)	25,412	-	(80,000)	193,184
Digital innovation & Infrastructure	6,483,286	1,673,967	4,323,727	3,833,526	3,833,526
Disabled Students Services (DSPS)	2,214,551	459,345	95,581	2,578,315	2,581,844
Early Childhood/Foster Care	1,469,148	191,306	29,408	1,631,046	2,176,545
Emergency Aid Funding	7,316	-	71	7,245	6,186
Extended Opportunity Programs & Services	1,193,789	172,694	2,182	1,364,301	1,370,015
Financial Aid	1,153,648	101,761	216,875	1,038,534	1,038,534
First 5 - Early Childhood Development	11,143	-	-	11,143	11,143
Guided Pathways	1,182,691	4,648,665	496,310	5,335,046	5,335,047
Hayward Vision Plan	-	25,294	-	25,294	49,130
Hunger Free Campus Support	191,993	-	61,311	130,682	130,681
Incarcerated Student Reentry Program	45,454	924	-	46,378	46,378
IEPI	35,550,913	2,480,025	20,906,945	17,123,993	17,119,242
Instructional Equipment Block Grant	39,586	-	37,157	2,429	2,429
Lottery	725,932	810,307	-	1,536,239	1,522,063
ME	4,009,829	-	254,448	3,755,381	3,759,467
Mental Health Services	137,210	69,114	12,744	193,580	193,580
MESA	40,312	23,335	-	63,647	63,985
Nursing	108,944	-	-	108,944	108,944
Physical Plant & Instructional Support	54,219	-	-	54,219	19,977
Staff Diversity	50,000	-	-	50,000	38,090
Strong Workforce	17,187,336	653,286	4,470,099	13,370,523	13,370,801
Student Equity	14,680,961	2,005,281	905,268	15,780,974	15,778,807
Tennyson Eden Off Campus Program	57,200	-	-	57,200	72,670
Umoja Program	1,124,020	998,400	7,173	2,115,247	2,115,247
Veterans Resource Center	296,551	37,611	158,604	175,558	177,437
<b>Total State Programs</b>	<b><u>\$ 98,035,488</u></b>	<b><u>\$ 18,393,975</u></b>	<b><u>\$ 33,188,417</u></b>	<b><u>\$ 83,241,046</u></b>	<b><u>\$ 84,493,506</u></b>

\* Cash received includes funds received in prior years.

See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF WORKLOAD MEASURES FOR  
 STATE GENERAL APPORTIONMENT  
 Annual Attendance as of June 30, 2020

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	22	-	22
2. Credit	1,922	-	1,922
B. Summer Intersession (Summer 2020) - Prior to July 1, 2019)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	10,245	-	10,245
b. Daily Census Contact Hours	484	-	484
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	137	-	137
b. Credit	396	-	396
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	2,696	-	2,696
b. Daily Census Contact Hours	1,085	-	1,085
c. Noncredit Independent Study/ Distance Education Courses	-	-	-
D. Total FTES	<u>16,987</u>	<u>-</u>	<u>16,987</u>
Supplemental Information:			
E. In-Service Training Courses (FTES)	37	-	37
F. Basic Skills Courses and Immigrant Education			
a. Noncredit	-	-	-
b. Credit	494	-	494
<u>CCFS 320 Addendum</u>			
CDCP	-	-	-
Centers FTES			
a. Noncredit	-	-	-
b. Credit	-	-	-

See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
(CCFS-311) WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020

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

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See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2020

General Fund	\$	19,012,330	
Bond Interest and Redemption Fund		49,964,123	
Cafeteria Fund		29,924	
Child Development Fund		152	
Capital Outlay Fund		10,062,894	
Revenue Bond Construction Fund		120,877,467	
Other Enterprise Fund		2,567,483	
Self Insurance Fund		8,838,641	
Financial Aid Fund		3,219	
Scholarship and Trust Fund		<u>512,082</u>	
Total Audited Fund Balances as reported on the Annual Financial and Budget Report (CCFS-311)			\$ 211,868,315
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. However, capital assets, net of accumulated depreciation are added to total net assets.			497,918,094
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt.			24,029,043
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:			
Deferred outflows of resources relating to pensions	\$	39,101,686	
Deferred inflows of resources relating to pensions		(9,553,000)	
Deferred outflows of resources relating to OPEB		34,569,969	
Deferred inflows of resources relating to OPEB		<u>(5,885,908)</u>	
			58,232,747
Unmatured interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.			(11,105,529)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2020 consisted of:			
General Obligation Bonds	\$	(626,920,000)	
Bond premiums		(62,375,509)	
Net pension liability		(142,702,000)	
OPEB liability		(251,576,551)	
Compensated absences		<u>(2,832,246)</u>	
			<u>(1,086,406,306)</u>
Total net position - business-type activities			<u>\$ (305,463,636)</u>

See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
For the Year Ended June 30, 2020

	Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional salaries:							
Contract or regular	1100	\$ 25,105,938	\$ -	\$ 25,105,938	\$ 25,168,392	\$ -	\$ 25,168,392
Other	1300	<u>21,569,465</u>	<u>-</u>	<u>21,569,465</u>	<u>21,569,741</u>	<u>-</u>	<u>21,569,741</u>
Total instructional salaries		<u>46,675,403</u>	<u>-</u>	<u>46,675,403</u>	<u>46,738,133</u>	<u>-</u>	<u>46,738,133</u>
Non-instructional salaries:							
Contract or regular	1200	-	-	-	8,434,000	-	8,434,000
Other	1400	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,699</u>	<u>-</u>	<u>394,699</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>8,828,699</u>	<u>-</u>	<u>8,828,699</u>
Total academic salaries		<u>46,675,403</u>	<u>-</u>	<u>46,675,403</u>	<u>55,566,832</u>	<u>-</u>	<u>55,566,832</u>
<u>Classified Salaries</u>							
Non-instructional salaries:							
Regular status	2100	-	-	-	21,305,145	-	21,305,145
Other	2300	<u>-</u>	<u>-</u>	<u>-</u>	<u>971,453</u>	<u>-</u>	<u>971,453</u>
Total non-instructional salaries		<u>-</u>	<u>-</u>	<u>-</u>	<u>22,276,598</u>	<u>-</u>	<u>22,276,598</u>
Instructional aides:							
Regular status	2200	804,250	-	804,250	872,242	-	872,242
Other	2400	<u>92,288</u>	<u>-</u>	<u>92,288</u>	<u>92,288</u>	<u>-</u>	<u>92,288</u>
Total instructional aides		<u>896,538</u>	<u>-</u>	<u>896,538</u>	<u>964,530</u>	<u>-</u>	<u>964,530</u>
Total classified salaries		<u>896,538</u>	<u>-</u>	<u>896,538</u>	<u>23,241,128</u>	<u>-</u>	<u>23,241,128</u>
Employee benefits	3000	25,038,535	-	25,038,535	40,894,114	-	40,894,114
Supplies and materials	4000	-	-	-	1,110,566	-	1,110,566
Other operating expenses	5000	-	-	-	10,430,778	-	10,430,778
Equipment replacement	6420	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures prior to exclusions		<u>\$ 72,610,476</u>	<u>\$ -</u>	<u>\$ 72,610,476</u>	<u>\$ 131,243,418</u>	<u>\$ -</u>	<u>\$ 131,243,418</u>

(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
 For the Year Ended June 30, 2020

Object/TOP Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799			
	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data	
<u>Exclusions</u>							
Activities to exclude:							
Instructional staff-retirees' benefits and retirement incentives	5900	\$ 7,337,725	\$ -	\$ 7,337,725	\$ 7,377,725	\$ -	\$ 7,377,725
Student health services above amount collected	6441	-	-	-	-	-	-
Student transportation	6491	-	-	-	111,107	-	111,107
Noninstructional staff-retirees' benefits and retirement incentives	6740	-	-	-	-	-	-
Objects to exclude:							
Rents and leases	5060	-	-	-	67,600	-	67,600
Lottery expenditures		-	-	-	-	-	-
Academic salaries	1000	-	-	-	2,212,214	-	2,212,214
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
Total supplies and materials		-	-	-	-	-	-
Other operating expenses and services	5000	-	-	-	-	-	-
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Equipment:							
Equipment - additional	6410	-	-	-	-	-	-
Equipment - replacement	6420	-	-	-	-	-	-
Total equipment		-	-	-	-	-	-
Total capital outlay		-	-	-	-	-	-
Other outgo	7000	-	-	-	-	-	-
Total exclusions		\$ 7,337,725	\$ -	\$ 7,337,725	\$ 9,768,646	\$ -	\$ 9,768,646
Total for ECS 84362, 50% Law		\$ 65,272,751	\$ -	\$ 65,272,751	\$ 121,474,772	\$ -	\$ 121,474,772
Percent of CEE (instructional salary cost /Total CEE)		53.70%	-	53.70%	100%	-	100%
50% of current expense of education					\$ 60,737,386	\$ -	\$ 60,737,386

See accompanying note to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 PROPOSITION 55 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT  
 For the Year Ended June 30, 2020

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EPA Proceeds: \$ 9,198,544

<u>Activity Classification</u>	<u>Activity Code</u> (0100-5900)	<u>Salaries and Benefits</u> (1000-3000)	<u>Operating Expenses</u> (4000-5000)	<u>Capital Outlay</u> (6000)	<u>Total</u>
Instructional Activities	\$ -	\$ 9,198,544	\$ -	\$ -	\$ 9,198,544

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See accompanying notes to supplementary information.

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
June 30, 2020

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**NOTE 1 – PURPOSE OF SCHEDULES**

A - Schedule of Expenditures of Federal Awards

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

B - Schedule of State Financial Awards

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

C - Schedule of Workload Measures for State General Apportionment

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

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

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

E - Reconciliation of Governmental funds to the Statement of Net Position

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

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

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

G - Proposition 55 Education Protection Account (EPA) Expenditure Report

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

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE REQUIREMENTS

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

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

We have audited the compliance of Chabot-Las Positas Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College Contracted District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2020:

- SCFF Data Management Control Environment
- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Activities Funded From Other Sources
- Student Centered Funding Formula Base Allocations: FTES
- Determination for Credit Courses
- Students Actively Enrolled
- Dual Enrollment (CCAP and Non-CCAP)
- Scheduled Maintenance Program
- Gann Limit Calculation
- Open Enrollment
- Proposition 39 Clean Energy Fund
- Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Disabled Student Programs and Services (DSPS)
- To Be Arranged Hours (TBA)
- Proposition 1D and 51 State Bond Funded Projects
- Education Protection Account Funds

### **Management's Responsibility**

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on Chabot-Las Positas Community College District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *California State Chancellor's Office's California Community College Contracted District Audit Manual* (Audit Manual). Those standards and the Audit Manual require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Chabot-Las Positas Community College District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Chabot-Las Positas Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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(Continued)

### ***Opinion on Compliance with State Laws and Regulations***

In our opinion, Chabot-Las Positas Community College District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations for the year ended June 30, 2020.

### **Purpose of this Report**

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



Crowe LLP

Sacramento, California  
February 9, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of Chabot-Las Positas Community College District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Chabot-Las Positas Community College District's basic financial statements, and have issued our report thereon dated February 9, 2021.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chabot-Las Positas Community College District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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(Continued)

## Purpose of this Report

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

  
Crowe LLP

Sacramento, California  
February 9, 2021

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Chabot-Las Positas Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chabot-Las Positas Community College District's major federal programs for the year ended June 30, 2020. Chabot-Las Positas Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Chabot-Las Positas Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chabot-Las Positas Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Chabot-Las Positas Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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(Continued)

## **Report on Internal Control Over Compliance**

Management of Chabot-Las Positas Community College District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chabot-Las Positas Community College District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chabot-Las Positas Community College District's internal control over compliance.

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

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

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



Crowe LLP

Sacramento, California  
February 9, 2021

## **FINDINGS AND RECOMMENDATIONS**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2020

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	___X___ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes    \_\_\_X\_\_\_ No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	___X___ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes    \_\_\_X\_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268 84.042A, 84.044A 84.425E, 84.425F 84.031S 93.575	Student Financial Aid Cluster TRIO Cluster Education Stabilization Fund Title V Program Early Childhood Mentor Program

Dollar threshold used to distinguish between Type A and Type B programs: \$    882,641

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

**STATE AWARDS**

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

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2020

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2020

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Fully Implemented</u>
No matters were reported.		